



Cornerstone Credit Union

# ANNUAL REPORT

# 2024



# TABLE OF CONTENTS

<b>About Cornerstone</b>	<b>3</b>
Co-operative Principles	4
Message from the Board President	5
Message from the CEO	6
Working at Cornerstone	7
Community Investment Highlights	8
2024 Highlights	9
Corporate Structure & Governance	10
Executive Management	14
Together for a Thriving Saskatchewan	15
<b>Management Discussion &amp; Analysis for 2024</b>	<b>17</b>
2024 Performance Measurement	21
2024 Financial Performance Review	22
Enterprise Risk Management	28
<b>Summarized Financial Statements</b>	<b>31</b>



## DEPOSITS FULLY GUARANTEED

Credit Union Deposit Guarantee Corporation (the Corporation) functions as the deposit guarantor for Saskatchewan's provincially regulated credit unions. The Corporation serves as the primary regulator for Saskatchewan Credit Unions and Credit Union Central of Saskatchewan (SaskCentral). Collectively, these entities are referred to as Provincially Regulated Financial Institutions or "PRFIs". The Corporation operates under provincial legislation, namely, The Credit Union Act, 1998 and The Credit Union Central of Saskatchewan Act, 2016. The responsibility for overseeing the Corporation is assigned to the Registrar of Credit Unions with the Financial and Consumer Affairs Authority of Saskatchewan as specified by provincial legislation.

Established in 1953, the Corporation holds the distinction of being the first deposit guarantor in Canada, ensuring the safety of deposits against credit union failure. Through the promoting of responsible governance, risk management, and prudent management of capital, liquidity, along with guaranteeing deposits, the Corporation plays a crucial role in fostering 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](http://www.cudgc.sk.ca).

## CREDIT UNION MARKET CODE

Cornerstone Credit Union and its employees have always been committed to delivering a high quality of service to members and customers. The Credit Union Market Code, jointly developed by Saskatchewan credit unions, SaskCentral and Credit Union Deposit Guarantee Corporation, builds on this commitment. The Market Code identifies the market practice standards and how the credit union subscribes to the standards.

[LEARN MORE](#)



# ABOUT CORNERSTONE

We are a full-service financial institution, located in Saskatchewan, that is owned and led by you, our members. The advice and solutions we offer are driven by your goals and needs because you are our most important stakeholder. It is the reason our doors opened over 80 years ago, and why approximately 30,000 people continue to choose us today.

*Our members always come first.* This member-first philosophy is at the core of all we do. Whether it is in our branches, over the phone, on our website, at community events or from your mobile phones, whatever you need, we will meet you there.

### Our Purpose

To empower you to succeed in life and business.

### Our Vision

We strive to use our profits to improve the financial well-being of the members, employees, and communities we serve.

### Our 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.

**Co-operation:** We live the co-operative principles; we genuinely care about you and our communities.

*We are in tune with your needs.* That means we don't simply listen. We go out of our way to develop plans that set you up for success.

Here are just a few examples of what our members have to say about their experience at Cornerstone:

- "I've never been treated so well by a bank before I met with Cynthia. She is very approachable, does well to explain things to people who know little about buying houses and her energy with clients is such a refreshing change. She made me realize just what I was missing with my own bank with whom I have dealt with for over 20 years. So happy I met her!"
- "Keegan at Cornerstone in Kipling is exceptional to work with. Very informative and takes great care and interest towards helping me with my financial goals."
- "Opened a new account with Preston and he was extremely kind and knowledgeable. He was very thorough and explained the different fees and options available. I left feeling respected and confident that I chose the right bank. I look forward to doing my banking with them in the years to come!!"
- "Our meeting with Bhargav Shukla, Financial Services Advisor, was completely professional. He has tremendous knowledge and experience in his field. He was able to provide clear guidance and very positive information for us. I opened an account and am pleased with lower bank fees, than what I'm paying elsewhere. I am meeting with him again this week for mortgage options. Thank you!"

*You can have total confidence—that your voice is being heard, your future is secure, and every cent of our profits goes toward serving you.* Because as a member-owner, you are the cornerstone we keep coming back to.

# CO-OPERATIVE PRINCIPLES

As a true co-operative financial institution, we put our values into practice by following the 7 co-operative principles. This sets credit unions apart from all other financial institutions, strengthens the community and benefits you too!



### Voluntary and Open Membership

**What it means to you:** No matter what your financial situation looks like, the door is open, without gender, social, racial, political or religious discrimination.



### Democratic Member Control

**What it means to you:** You help call the shots by electing a board of directors. One member equals one vote. This is local democracy in action.



### Member Economic Participation

**What it means to you:** Better rates, lower fees, and services that benefit the entire credit union. The more that members participate, the more there is to go around.



### Autonomy and Independence

**What it means to you:** As a financial co-operative, your credit union is controlled by real members like you, instead of outside shareholders.



### Education, Training and Information

**What it means to you:** Access to financial literacy tools and resources. Credit unions believe that education contributes to personal growth.



### Co-operation Among Co-operatives

**What it means to you:** Your credit union strengthens the co-operative movement by partnering with organizations that share the same important values.



### Concern for Community

**What it means to you:** Knowing that your day-to-day banking translates into benefits for charities, local businesses, and the entire community.

The International Co-operative Alliance is the caretaker of the internationally accepted co-operative principles.

Scan the code to read the full principles.

LEARN MORE







## MESSAGE FROM THE BOARD PRESIDENT

As member-owners, our Board shares your vision – to uphold a strong, community-driven financial institution that truly cares about its members and the communities we serve. On behalf of the Board of Directors, I want to express my gratitude to everyone at Cornerstone for making 2024 such a successful year.

To our members, thank you for your ongoing loyalty and support. Rest assured, your Board of Directors is committed to acting in your best interest, because you are the reason we exist. Our main priorities remain unchanged – to keep evolving, adapting, and meeting the changing needs of our members. Above all, our responsibility is to safeguard the interests of the members of Cornerstone Credit Union.

To our employees and management, we sincerely appreciate your hard work and dedication throughout 2024. Our success can be attributed to the passion and commitment of the Cornerstone Crew to serving our members. This daily commitment to the members is truly appreciated by the Board of Directors. Whether volunteering at community events, supporting our Project Cornerstone recipients, or contributing to sponsorships and donations, the Cornerstone Crew made a meaningful difference in our communities this year.

To my fellow Board members, thank you for your leadership, vision, and guidance in shaping the direction of Cornerstone Credit Union. The work we do together establishes the goals of the organization, and I am proud that these goals have set a positive and successful direction for Cornerstone.

2024 was a year of great success for Cornerstone, highlighted by a strong financial performance. Balancing this growth with the external challenges facing our Credit Union continues to be a complex task. On behalf of the Board, I am incredibly proud of the achievements and leadership Cornerstone has shown this year. We are fortunate to have a team of leaders who are deeply invested in the Credit Union's success. Our Directors are members, and our members are your Directors.

In November, we announced that Conexus, Cornerstone, and Synergy Credit Unions are exploring a possible merger under the initiative *Together for a Thriving Saskatchewan*. This collaboration aims to unite resources and investments, creating a stronger, province-wide credit union that better serves our members and communities. A Joint Partnership Committee, consisting of board and management representatives, is working on a detailed business case, backed by thorough due diligence. This is to ensure the proposed merger offers clear value and benefits. If all three Boards approve the business case, the recommendation will go to you, our members, who will ultimately decide your Credit Union's future.

We value your input and are committed to keeping communication open and transparent. For more information, visit a branch or go online to [www.thrivingtogethersk.ca](http://www.thrivingtogethersk.ca). Together, we can build a credit union that supports economic growth and a thriving future for Saskatchewan.

**Heidi Schofer**  
**Board Chair and President**

Contact our Board at [contacttheboard@cornerstonecu.com](mailto:contacttheboard@cornerstonecu.com)



## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

We are once again proud to provide you, our member-owners, highlights from the past year at your Credit Union. 2024 was another very busy, and successful year for Cornerstone. You will see in this annual report that we met or exceeded most of our goals, including strong growth. I have described 2024 as a year of momentum, where our success has come from the building blocks of prior years. We continued investments, activities, and projects focused on meeting member expectations for advice and service how, when, and where you want. Proactive, needs-based advice continues to be important to our members, given the ongoing economic uncertainty and political unrest within Canada, North America, and the world. The good news is that the necessary but sometimes difficult changes made in prior years have helped Cornerstone be resilient through these challenges. We have been able to sustain our efforts with proactive outreach to members, completing "MemberFirst Reviews" so we understand each member's story and offer advice tailored to every unique situation. I am extremely proud of and grateful for the efforts of our employees we call the Cornerstone Crew!

As said, the world continues to experience significant events impacting society and the economy, including ongoing conflicts in Ukraine and Gaza. Closer to home, as I am writing this message, it is uncertain the impact trade disputes and political tension with the United States will have on the economy and our members. We know these issues bring added stress to many of you, so please know that your well-being, particularly your financial well-being, is at the heart of everything we do at Cornerstone. The advice and solutions we offer are driven by your goals and needs because you are our most important stakeholder.

We are proud of our support for communities including pride in having the largest branch presence of any financial institution throughout rural eastern Saskatchewan. We continue to employ over 280 people throughout that same region, more than any other financial institution. As said earlier, I am proud of our Cornerstone Crew, who invest thousands of volunteer hours to our communities. We put people before profits by contributing significantly through donations and sponsorships. "Project Cornerstone" in particular, helps communities finish capital projects, and in 2024 we proudly supported four projects in Indian Head, Wolseley, Tisdale, and Montmartre totalling \$100,000.

With the proposed merger under the initiative *Together for a Thriving Saskatchewan*, we aim to combine resources and strategic investments to create a stronger, province-wide credit union that meets the evolving needs of our members and communities. Together, we will continue to build a financial institution that not only meets but exceeds the expectations of those we serve.

I want to thank our Board of Directors for their continued leadership and guidance. To our "Cornerstone Crew", thank you for your incredible efforts over this past year and for your continued dedication to our members, each other, and your community. I am extremely proud of the teamwork we have at Cornerstone.

To our members, thank you for supporting your Credit Union. Again, you are at the heart of everything we do. YOU are the reason we come to work every day. We recognize economic challenges, and political unrest creates financial uncertainty for many of you. We are committed to fulfilling our purpose to support you through these times and to help you achieve success in life and business!

I am excited to work with all our stakeholders towards continued success at Cornerstone in 2025.

**Doug Jones**  
**Chief Executive Officer**



# WORKING AT CORNERSTONE

We are among the five largest credit unions in Saskatchewan with 295 employees and 15 branches throughout eastern Saskatchewan. We serve members on the traditional lands referred to as Treaty 4 and Treaty 6 Territories – the original lands of many First Nations and the traditional homeland of the Metis Nation.

Working at Cornerstone is more than just a job – it is an opportunity to be part of a family. We work together to solve problems and every one of us plays a role in making this a great place to work. By being a great place to work, we can do better work for our members.

We are so much more than the friendly faces you see in our branches plus, all our decisions are made locally!

**7,455 hours of learning and development in 2024!**

We focus on the skills and capabilities of our employees to reach their highest potential in their current roles.

## SK Top Employer for 8th consecutive year.

We strive to be an employer of choice and were once again recognized as one of Saskatchewan's Top Employers, which is a special designation that recognizes Saskatchewan employers that lead their industries in offering exceptional places to work. 2024 is the eighth consecutive year, and ninth time Cornerstone has received this designation. While we are very proud to be named one of Saskatchewan's Top Employers - we are most proud of our people.

## Culture is the heartbeat of an organization.

We continue to invest in building and nurturing a positive culture at Cornerstone. Our Culture Crew Committee plays an important role in ensuring the success of our organizational culture and helps to live out our defined culture principles in place.

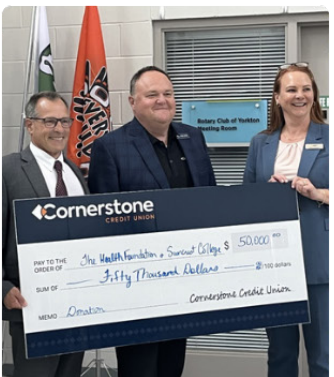
## What our employees say about working at Cornerstone:

*"I'm encouraged every day to expand my skills and knowledge to better serve our members." – Jasvir K*

*"Teamwork is so important. We work together and support each other when we can, which makes all the difference." – Kevin M*

*"I love my job because it lets me help individuals and businesses thrive and succeed." – Jocelyn G*

**You'll never have to worry whether you're on the right track, because our employees are members too – motivated and equipped to empower you with sound advice.**







 <p>Full Service Financial Institution</p>	<p><b>83</b></p> <p>years serving members since 1941.</p>	<p>One of the 5 largest credit unions in Saskatchewan.</p> 	<p>Over </p> <p><b>\$2.6 billion</b> in managed assets.</p>
<p><b>15</b> </p> <p>branches across Saskatchewan - open 5 days a week.</p>	<p>approx. </p> <p><b>30,000</b> members.</p>	<p></p> <p>Over 20,000 digital banking users.</p>	<p>295 employees helping you to achieve financial success. </p>
<p>Over</p> <p><b>6,000</b></p> <p>appointments booked online.</p>	<p>★★★★★★</p> <p>8.03/10 average member satisfaction rating through member survey.</p>	<p></p> <p>Cornerstone Contact Centre. Open evenings &amp; Saturdays.</p>	<p>Over </p> <p><b>70,000</b> calls to our Contact Centre.</p>
<p><b>25</b> </p> <p>seconds</p> <p>average wait time for callers!</p>	<p>Mobile Mortgage Specialists. Here for you anytime, anywhere. </p>	<p> Thrive Wealth Management</p> <p>Offering best-in-class wealth management.</p>	<p>Over \$310,000 invested back into the communities we serve. </p>
<p><b>\$100,000</b></p> <p> <b>PROJECT CORNERSTONE</b></p>	<p>Over \$40,000 donated to charitable causes.</p> 	<p></p> <p>Over \$10,000 donated to local food banks.</p>	
<p></p> <p>Over \$5,000 awarded in scholarships.</p>	<p></p> <p><b>9,658</b> volunteer hours.</p>	<p><b>FinLit</b> </p> <p>Educating and engaging our youth.</p>	
<p></p> <p>Investment in Rural Tech Activation.</p>	<p>SK Top Employer 8th consecutive year. </p>	<p></p> <p>Together for a Thriving Saskatchewan.</p>	

# 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. We are focused on maintaining the highest standards by conducting our affairs ethically and lawfully and by sustaining a culture of integrity and professionalism.

## 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 Board's 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

had seven regular meetings in 2024, and four special meetings.

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

### District 1

Encompasses Ituna, Kelliher, Rose Valley, Tisdale, Wynyard, Yorkton.

### District 2

Encompasses Arcola, Emerald Park, Indian Head, Kipling, Montmartre, Vibank.

### District 3

Encompasses Grenfell, Melville, Wolseley.



# OUR BOARD OF DIRECTORS



**Heidi Schofer**  
*Board Chair & President*



**Lyle Weichel**  
*Board Vice Chair & Chair of Risk Committee*



**Nicole Campbell**



**Sue Kearns**



**Ty Kehrig**



**James Knudson**  
*Chair of People & Governance Committee*



**Shelby LaRose**  
*Chair of Conduct Review Committee*



**Jan Morrison**



**Robert Ross**



**Edie Tarasoff**



**Tim Taylor**



**Blair Van Caesele**  
*Chair of Finance & Audit Committee*

## BYLAWS

Cornerstone's members approved the adoption of revised bylaws to move to an at large representation model at the 2024 Annual General Meeting. In this model, members of the board of directors are elected by the whole membership. There are no restrictions or limitations on where those directors come from or who they represent.

As Cornerstone Credit Union continues to grow, so does the need for a diverse board with skills, background, and experience to oversee the evolution of Cornerstone and the credit union system in general. Board independence and accountability is more important now than ever with the competitive environment and pace of change. The at large model provides the opportunity to elect qualified candidates with diverse experiences, competencies, and skills, from a wide pool without geographic restrictions.

We will transition to the at large model over a 3-year period, starting in 2025, as director's terms expire to ensure board continuity and prevent significant board turnover.

## EVALUATION

The Board of Directors conducts evaluations annually to assess the effectiveness of board operations. A formal evaluation was conducted in 2024, by Andres Consulting.

## DIRECTOR TRAINING

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 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

### Finance & Audit Committee

The Finance & Audit Committee ensures an independent review of the Credit Union's operations 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 that procedures are maintained, reviewed, evaluated, and approved. The Finance & Audit Committee met four times in 2024.

### 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 2024.

### 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 2024.

### 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 two times in 2024.

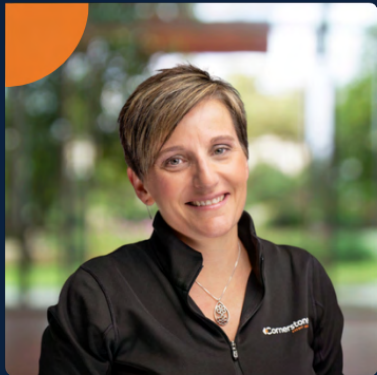
## 2024 BOARD OF DIRECTORS MEETING ATTENDANCE

		Board Meetings	Special Board Meetings	Committee Meetings
Nicole Campbell	Director Since: 2014 Term Expiry: 2025 Representative of District 1	6 of 7 (86%)	4 of 4 (100%)	4 of 4 (100%)
Sue Kearns	Director Since: 2019 Term Expiry: 2025 Representative of District 2	7 of 7 (100%)	4 of 4 (100%)	5 of 5 (100%)
Ty Kehrig	Director Since: 2023 Term Expiry: 2026 Representative of District 1	7 of 7 (100%)	4 of 4 (100%)	4 of 4 (100%)
James Knudson	Director Since: 2001 Term Expiry: 2027 Representative of District 1	7 of 7 (100%)	4 of 4 (100%)	6 of 6 (100%)
Shelby LaRose	Director Since: 2019 Term Expiry: 2026 Representative of District 2	7 of 7 (100%)	4 of 4 (100%)	5 of 5 (100%)
Jan Morrison <i>(elected April 2024)</i>	Director Since: 2024 Term Expiry: 2026 Representative of District 1	5 of 5 (100%)	3 of 4 (75%)	4 of 4 (100%)
Robert Ross	Director Since: 2019 Term Expiry: 2027 Representative of District 1	6 of 7 (86%)	4 of 4 (100%)	4 of 4 (100%)
Heidi Schofer	Director Since: 2004 Term Expiry: 2027 Representative of District 3	7 of 7 (100%)	4 of 4 (100%)	14 of 14 (100%)
Edie Tarasoff	Director Since: 2018 Term Expiry: 2025 Representative of District 1	7 of 7 (100%)	4 of 4 (100%)	6 of 6 (100%)
Tim Taylor	Director Since: 1994 Term Expiry: 2026 Representative of District 3	7 of 7 (100%)	4 of 4 (100%)	4 of 4 (100%)
Blair Van Caeseele	Director Since: 2019 Term Expiry: 2025 Representative of District 3	6 of 7 (86%)	4 of 4 (100%)	4 of 4 (100%)
Lyle Weichel	Director Since: 2016 Term Expiry: 2027 Representative of District 2	7 of 7 (100%)	4 of 4 (100%)	4 of 4 (100%)

## EXECUTIVE MANAGEMENT



**Doug Jones**, Chief Executive Officer



**Jodi Chambers**, Chief Strategy & Innovation Officer



**Leigh Dunn**, Chief Risk Officer



**Bryan Furber**, Chief Financial Officer



**Corvyn Neufeld**, Chief People & Governance Officer



**Murray Yeadon**, Chief Operations & Member Experience Officer

Cornerstone Credit Union has an experienced executive management team that is 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. This team 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.

**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, and senior management of Cornerstone. 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 understood and minimized if required. 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.





## Conexus, Cornerstone, and Synergy Credit Unions Explore Potential Merger "Together for a Thriving Saskatchewan"

Conexus, Cornerstone, and Synergy Credit Unions are exploring a potential merger.

Together for a Thriving Saskatchewan, is an initiative driven by a shared vision to combine resources and strategic investments to create a stronger, more resilient province-wide credit union that can better serve the evolving needs of our members and communities.

### Why Merge?

Due to increased competition, regulatory pressures, and the opportunity for meaningful organic growth, credit unions in Canada are increasingly turning to mergers to achieve the necessary scale.

Together, we will learn how we can best address future investment needs, meet specialized resource demands, and tackle competitive and regulatory pressures, to ensure a sustainable credit union for the long-term.

We believe merging our collective strengths has the potential to drive economic growth, further empower our communities, and support the dreams of individuals, farmers and businesses across the province.

### Opportunities

Combined, we see opportunities through a merger where:

- We will cultivate member relationships that foster loyalty and trust.
- We will be fiercely competitive by offering a breadth of modern products, services, and personalized advice.
- We will create the capacity for reinvestment toward innovation, necessary to remain sustainable in the long-term, while ensuring an efficient operation.
- We will sustain our ability to materially impact social issues and economic well-being within our Saskatchewan communities.
- We will reward members for their loyalty in a way that supports future investments and continues to benefit our members.
- We will have a diverse and inclusive workplace that retains and attracts talented employees who are committed to delivering an exceptional member experience.

We look forward to this promising journey ahead, as we strive to create a credit union that goes beyond financial services, becoming a catalyst for economic growth and a thriving Saskatchewan.

### About Conexus Credit Union

Conexus has more than 80 years of serving members and giving back to local communities. Conexus manages \$10 billion in assets and has 897 employees serving nearly 145,000 members across 30 locations in Saskatchewan.

To learn more about Conexus visit [conexus.ca](https://conexus.ca).

### About Synergy Credit Union

Synergy is a member-owned financial institution serving over 27,000 members with 12 branches across west-central Saskatchewan. As the fifth-largest credit union in Saskatchewan, Synergy has 238 employees and manages over \$2.8 billion in assets, standing tall among Canada's leading credit unions.

To learn more about Synergy, visit [synergy.ca](https://synergy.ca).

### WHERE YOU CAN FIND US

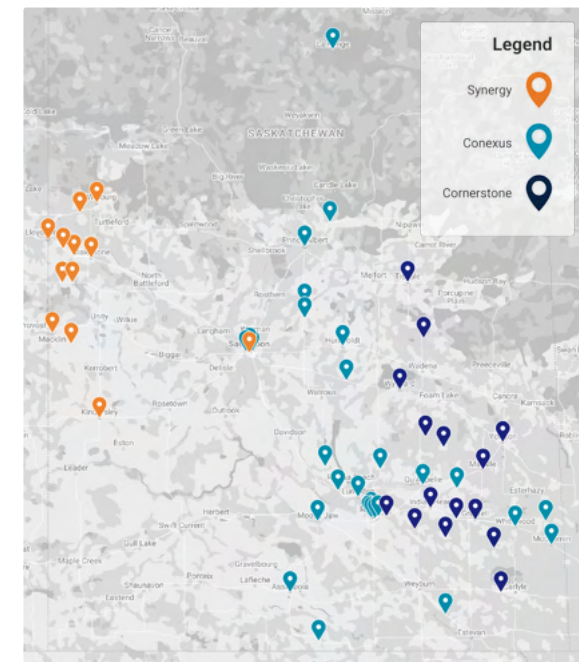
The new credit union will have branches located throughout Saskatchewan as indicated on the map.

### WHAT'S NEXT

We are currently in the exploration phase, which includes thorough due diligence to inform a comprehensive business case. We remain dedicated to transparent communication throughout our journey. The business case will validate the expected benefits of the merger and, if approved, the recommendation will be presented to you, our valued members, for the final decision.



*\*The above timeline is subject to change.*



### STAY CONNECTED!

We are committed to keeping you informed along our journey! You can find the following information and more about this potential merger by visiting any of our branches or our shared website at: [thrivingtogethersk.ca](https://thrivingtogethersk.ca)

- **Detailed Information** about the proposed merger.
- **Frequently Asked Questions** to address your key questions or concerns.
- **A Feedback Form** to share your questions, comments, or ideas.

Your voice matters, and we are here to listen. Together, we can build a stronger future for our members, employees, and communities.



**LEARN MORE**





# MANAGEMENT DISCUSSION AND ANALYSIS FOR 2024

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, 2024, 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, 2024 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 prior year comparatives have been derived by management's internal consolidation of the individual entities of legacy Cornerstone, Horizon, and Plainsview Credit Unions' 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 primarily 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.

Global GDP is expected to stabilize and reach 2.7% or 2.8% in 2025 which remains below pre-covid levels. Continuing geopolitical tensions, high debt levels, weak investment, and trade restrictions are all factoring in the low average levels, although developing economies are anticipated to perform better, perhaps as high as 4%.

Nationally there is great uncertainty given the current political climate both in Canada and the United States. Canada is rich with natural resources and has a strong financial sector which should provide a solid foundation for economic growth, however potential tariffs and trade restrictions could have a significant impact on Canada's economy. Trudeau's recent resignation could cause businesses to delay hiring and investment decisions. The Bank of Canada has been decreasing interest rates throughout 2024 in an attempt to keep inflation in check while supporting economic growth. Further decreases are could occur in 2025.

Saskatchewan had a strong year in 2024 recording record high GDP growth which was fueled by the construction industry and agri-food and agricultural equipment exports. The outlook for 2025 is cautiously optimistic with lower interest rates and federal stimulus measures anticipated, however planned reductions in immigration could pose challenges and it remains to be seen what will materialize with the current political uncertainty.

Once again, Cornerstone made great strides in improving our balance sheet leverage in 2024. Even with higher risk weighted assets being held, capital remained level and ended the year in a strong position. Improved margin helped to offset the increased operating costs resulting in a much-improved operating return ratio. As always, we are actively monitoring and managing our interest rate risk, liquidity risk, and controlling operating costs where we can in these times of great uncertainty. We feel that we are still well positioned to weather a short-term downturn in the economy and are in a position to handle the increased costs (due to inflationary pressures) and investments that are necessary to continue to build a stronger, member focused organization.

## 2024 OPERATIONAL REVIEW

**As a member-owned institution, your needs, your goals, and your voice are what matters most to us.** You are our foundation. With this at the forefront of our decision-making, the following took place in 2024.

**Added convenience to members through online appointment bookings.** We know that our members' time is important; and you want the convenience and flexibility to book an appointment with your advisor when it works for you. Our online appointment booking was launched in late 2023, with full utilization of the self-service in 2024 and over 6,000 appointments set up! Online appointment booking provides our members with the convenience and ease of booking their appointment; rescheduling or cancelling if something comes up; as well as receiving reminders via text or email and information on what to bring to their appointment. Our employees also enjoy this service offering, as it provides them the opportunity to prepare for the appointment and what the member is looking to achieve in that appointment. It is a win-win!

**Community Engagement Meetings.** In 2024, we hosted community engagement meetings in Arcola, Grenfell, Vibank, and Wolseley during the weeks of March 11 and 18. The purpose of these meetings was to engage and have dialogue with all stakeholders in and around the community to share information and be fully transparent

about the future for Cornerstone Credit Union in their community. Our goal is to strengthen our relationship with these communities through the opportunity to earn more of their loan, deposit, and wealth management business, and ultimately strengthen support for Cornerstone Credit Union with members and non-members. At each meeting, our executive team shared current trends, opportunities, and challenges that may impact our branch network in the future and confirm our commitment to our members and communities despite these challenges. These meetings provided an opportunity for members and the community to engage with our executive leadership. We thank these communities for being open and attending these meetings.

**Branch of the Future - Exploring a major renovation and investment in Melville.** In 2024 we announced the exploration of a substantial renovation and investment to the existing branch facility in the city of Melville. Our goal is to enhance the overall experience and support the financial well-being of our members and employees with this renovation. It includes a complete overhaul of our existing branch, featuring modern technology, and a functional, welcoming environment designed to better serve our members.

A new design for the Melville branch has been developed, with major updates to the interior layout and exterior facade. In December, we opened the tender phase which invited local contractors to bid on the renovation work. Providing the tender phase goes as planned and the project proceeds, the renovations could begin in early 2025. During the construction period, Cornerstone Credit Union has plans to operate as normal, and will make every effort to develop a plan that will be the least disruptive to employees and members.



**Mobile Mortgage Specialists introduced in 2024.** Our members now can meet with our Mobile Mortgage Specialists, that offer expert home financing advice at your doorstep! If you are looking for flexibility and convenience while you navigate the homebuying



process, our specialists will deliver. Whether you have decided to purchase your first home, are looking to build your dream home, or simply want to renew or switch your mortgage, our Mobile Mortgage Specialists are there for you every step of the way.

Our Mobile Mortgage Specialists provide you with:

- **Comprehensive knowledge and expertise.** From simple to complex mortgages, our Mobile Mortgage Specialists handle it all!
- **Convenience & flexibility.** Discover the convenience of working around your schedule!
- **Tailored advice & solutions.** Our specialists are dedicated to uncovering the right solutions for your unique goals.

**Proactive needs-based advice and solutions.** We continue to see an upward trend in our member satisfaction results through our member survey, receiving an 8.03/10 from our members. Member satisfaction remains a key metric on our balanced scorecard, as we know that members who are satisfied with their service will also tell others, bringing in new business and growth to our Credit Union. Our CCU Crew worked hard to sustain our efforts with proactive outreach to members, completing “MemberFirst Reviews” so we understand each member’s story and offer advice tailored to every unique situation. Our feedback also shows members who report having an advisor assigned to their portfolio are extremely pleased, with 87% of members rating their advisor as very good or excellent. When looking at how members describe their advisors, there are three qualities that make excellent advisors stand out:

- **Their personality.** Members appreciate dealing with someone who is friendly and approachable.
- **Their knowledge.** Members value advisors that provide good advice, field questions, and are proactive in providing them with advice and solutions tailored to their specific needs.
- **Good communicators.** Members value advisors who are responsive to requests and are available and accessible.

These three points speak to our real-time feedback received through our online booking. Following an appointment, members can rate their experience with the advisor. In 2024, this rating is 4.8/5. We are extremely pleased with this result and could not be prouder of our CCU Crew who come to work every day to provide you

with the advice and solutions you are looking for to achieve your financial goals.

**Digital Banking improvements continue to be a priority.** While our member satisfaction results are outstanding, we know there is room for improvement in digital banking for our members. In 2024 there were six mobile app updates to improve the performance and enhance stability of the Apple and Android apps. We understand that seamless digital banking is a core expectation for members, and we are diligently working with our digital banking partner to improve your experience. We thank you for your feedback and suggestions on how we can improve in this area. We take your feedback to heart and will continue to strive to offer the best digital solutions to help you bank with ease.

**Member-owned and community driven.** By choosing to bank with Cornerstone, you are also choosing to give back and support the community and causes that matter to you. We show that we care by supporting events, not-for-profits, charities, groups and projects, and by being actively involved in our communities through volunteer work.



We put people before profits by contributing significantly through donations and sponsorships. In 2024, we invested over \$310,000 back into our communities. This total includes our funding to our major community investment program – Project Cornerstone, awarding a total of \$100,000 to community groups or organizations that are fundraising for capital projects that benefit the people and the community. 2024 was a record year as we received the highest number of applications ever through this program. All projects submitted were high

quality and really demonstrate the commitment, hard work and perseverance of the community groups and organizations. The successful recipients in 2024 were:

- Indian Head Broncs McCall Field Improvement Project – awarded \$50,000 for their major improvement project.
- Wolseley Sportsplex – awarded \$25,000 to upgrade and modernize the arena’s ice plant.
- Tisdale Community Curling Club – awarded \$15,000 to upgrade the kitchen and capital equipment.
- Kemoca Regional Park – awarded \$10,000 for upgrades to their outdoor swimming pool and facility.

Applications for 2025 Project Cornerstone will open in the spring. We encourage our community groups and organizations to continue to apply if still needing funding to complete your project, as well as new project applications!

Community involvement is rooted in our organization and culture. Our CCU Crew was active in all our communities and demonstrated this commitment with over 9,000 hours of volunteer time to local community groups, organizations, and events. Employees volunteered countless hours of corporate time locally as well.

**FinLit** **Financial Literacy.** We are committed to providing financial literacy to our youth in our communities. Our Financial Literacy Program is designed to empower students with essential life skills for something we all must deal with – money. Explaining money is our thing!

Our FinLit team kept busy in 2024 visiting our local schools and community groups to educate, engage, and bring interactive, real-life scenarios to our youth in financial literacy topics such as budgeting, investing, and credit. We also hosted a virtual grad seminar for graduating students and parents to attend.

**Rural Tech Activation.** With input and support from many stakeholders both at and outside of Cornerstone, our Rural Tech Activation strategy continued to move forward in 2024, with initiatives planned for 2025. These initiatives will include video and podcast series; partnerships with Ag in the Classroom and continued

discussions with Suncrest College and other government agencies on the potential for an Ag Tech Certification program for our local college.

**Together for a Thriving Saskatchewan.**  In November, Conexus, Cornerstone, and Synergy Credit Unions announced the exploration of a potential merger.

Together for a Thriving Saskatchewan is an initiative driven by a shared vision to combine resources and strategic investments to create a stronger, more resilient province-wide credit union that can better serve the evolving needs of our members and communities.

Information on this potential merger can be found on page 15 of our Annual Report. We are committed to keeping you informed along our journey! You can find all information about this potential merger by visiting any of our branches or our shared website at: [thrivingtogethersk.ca](https://thrivingtogethersk.ca)

**Profitable Growth.** Given the ongoing economic uncertainty and political unrest within Canada, North America, and the world, financially, Cornerstone had another successful year of strong growth. This can be attributed to the necessary changes made in prior years to help Cornerstone be resilient through these challenges.

As we prepare for 2025, we know there are challenges ahead. The financial performance of our Credit Union is directly impacted by what is going on around us including the economic and business climate in Saskatchewan; the impact trade disputes and political tension with the United States and the significant events impacting society and the economy; heightened competition; and new market entrants. We will continue to focus on controlling operating costs and finding efficiencies – so we can reinvest 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 feel that we are well positioned to weather a short-term downturn in the economy and will continue to invest in technology, expertise, along with competitive solutions to provide additional value to our members. Our goal is to position ourselves to be a stronger, member focused organization in the future.



# 2024 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 based on our 2024 strategic imperatives which includes a focus on Building our Culture, Simplification, Improved Member Experience and Profitable Growth. We are proud to say that results in 2024 either met or exceeded our goal for 12 of 13 measures.

## 2024 BALANCED SCORECARD

Strategic Imperatives	Performance Measures	Goal	Results
Build our Culture	• Cornerstone Culture - Employee survey to assess Cornerstone's culture (Average response to 6 questions)	3.75	3.77
	• Employee Experience - Employee survey to assess how satisfied employees are with their experience (Average response to 8 questions)	3.75	4.23
Simplification	• Process Improvement - Reduce process time and improve employee satisfaction with simplified and streamlined processes	Subjective	Outstanding
	• Data & Analytics - Unify our data and deliver data-driven insights across the enterprise	Subjective	Stretch
	• Member Outreach - Utilize member segmentation and data to optimize outreach and improve member response rate.	75%+ of campaign outreach completed	99.4% completed
Improved Member Experience	• MemberFirst Delivery Model Review - Review our MemberFirst strategy including our Generalist model to evolve and improve it to support a relationship team-based approach to serving our members	Subjective	Achieve
	• Member Experience - Consistently deliver on our MemberFirst commitment to provide proactive-needs based holistic advice through delivery of MemberFirst reviews.	Advisors completed 3,000 MemberFirst reviews	3,205 MemberFirst reviews completed
	• Wallet Share - % of members with a Wealth Management Relationship	10.45%	10.38%
	• Member survey to assess their satisfaction with Cornerstone based on average response to "How satisfied are you with Cornerstone Credit Union overall?" Using a 0 to 10 point rating scale, where 0 = Not at all satisfied and 10 = very satisfied	7.50	8.03
Profitable Growth	• Productivity – Loans + Deposits per Employee	\$12.70 million	\$12.88 million
	• Profitability - Return on Average Assets	0.61%	0.70%
	• Expenses - Non-interest (operating) Expenses	2.32%	2.28%
	• Asset Growth - % Growth in Assets Under Management	5.43%	7.93%
	• Delinquency – Over 90 days	1.00%	0.22%

# 2024 FINANCIAL PERFORMANCE REVIEW

## GROWTH

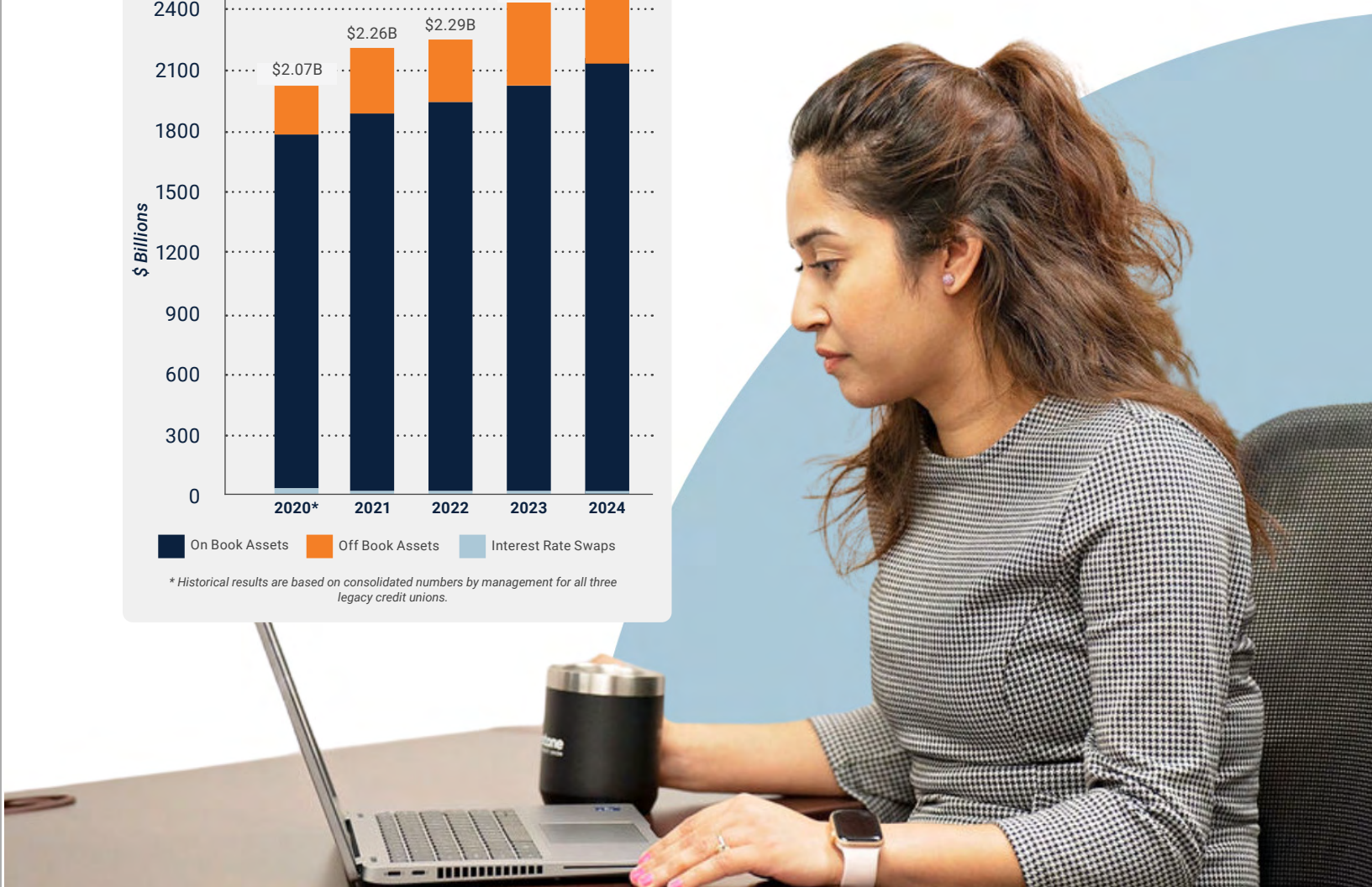
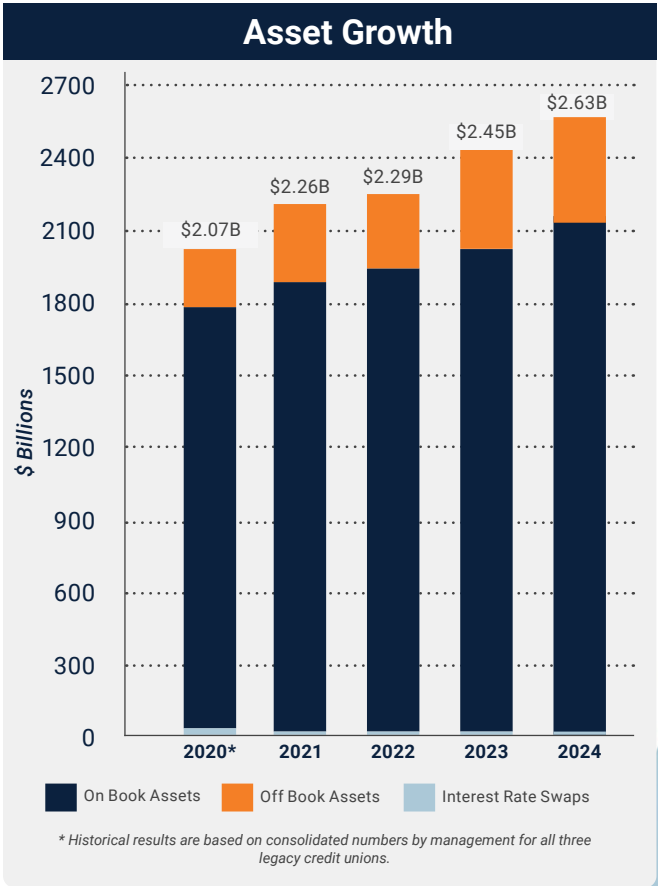
Cornerstone Credit Union ended December 31, 2024 with on book assets of \$2.13 billion compared to \$2.01 billion in 2023, representing growth of 5.97%.

Total assets under administration by the Credit Union at December 31, 2024 were approximately \$2.63 billion, up from the prior year total of \$2.45 billion. This includes on book assets, wealth management assets (including Qtrade assets for Cornerstone members) and interest rate swaps. Off book wealth management assets totaled approximately \$502.09 million, up from a prior year balance of \$422.74 million. Our interest rate swap of \$15 million matured in 2024 so at December 31, 2024 the credit union did not hold any swap positions.

## DEPOSIT GROWTH

The Credit Union's liabilities consist primarily of member deposits. Deposits totaled \$1.92 billion at December 31, 2024, an increase of approximately \$103.67 million from prior year. Deposit growth was strong again in 2024 coming in at 5.72% when compared to prior year growth of 6.22%. Throughout 2024 members continued to shift deposits from low costing demand deposits to higher costing investments which significantly offset the potential for even more margin improvement from repricing and growing loans and investments in the decreasing rate environment experienced in 2024.

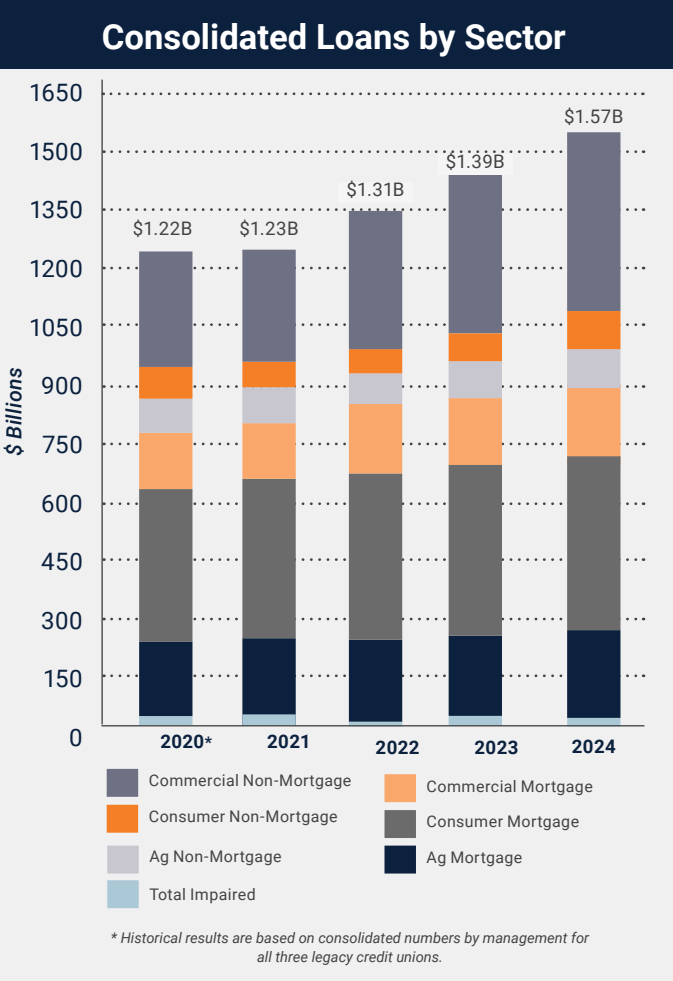
The Credit Union's on book deposits are 100% guaranteed by the regulator of credit unions in Saskatchewan, Credit Union Deposit Guarantee Corporation (CUDGC).





LOAN GROWTH

Accounting for approximately 73.68% of total on book assets, loans amounted to \$1.57 billion at December 31, 2024, an increase of \$175.58 million or approximately 12.62% over 2023. The following illustrations show the breakdown of our internally consolidated total performing and non-performing loan portfolio by sector.



INVESTMENTS

Investments totaled \$408.50 million at December 31, 2024, a decrease of \$82.81 million or 16.85% from 2023 in order to fund our strong loan growth. The majority of the Credit Union's investments are held with SaskCentral or Concentra Bank (now a wholly owned subsidiary of EQ Bank). However, we have been diversifying our investment portfolio by placing more 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 8.65% 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 funding and 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 0.22% of loans at December 31, 2024, a 0.57% decrease when compared to the prior year. This level is slightly below the average level 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 2024.

RESIDENTIAL MORTGAGES & 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 at December 31, 2024

RESIDENTIAL MORTGAGES						HOME EQUITY LINES OF CREDIT*
YEAR	INSURED**		UNINSURED		TOTAL	TOTAL
2024	\$151,074	32.8%	\$309,520	67.2%	\$460,594	\$29,542
2023	\$146,601	31.8%	\$314,324	68.2%	\$460,925	\$35,123

Thousands of Canadian Dollars, except percentage amounts

\* Home equity lines of credit are uninsured and are reported within the Personal Lines of Credit category.  
\*\*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 at December 31, 2024

AMORTIZATION PERIOD	2024		2023	
	\$000 CDN	%	\$000 CDN	%
<= 15 yrs	43,619	9.3%	34,062	7.4%
> 15 yrs, <= 25 yrs	265,039	56.3%	269,214	58.4%
> 25 yrs	162,214	34.4%	157,649	34.2%
	470,872		460,925	

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 2024.

	2024		2023	
	\$000 CDN	LTV%	\$000 CDN	LTV%
Uninsured residential mortgages	49,013	59.4%	43,909	53.8%
Home equity lines of credit	3,335	67.5%	9,641	75.1%



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, 2024, the ratio was 55.21%. The Credit Union targets a range of 50% to 110% for this measure. Throughout 2024, loan demand was easily funded by deposits from Credit Union members or investment maturities. 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, 2024 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 165.40% at December 31, 2024. This continues to exceed the credit union’s policy and the 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 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 equity tier 1 capital ratio and total tier 1 capital ratio of 14.58% for 2024, compared with 14.71% for 2023, and a total eligible capital ratio of 14.84% in 2024 compared with 14.96% in 2023. The slight decline in capital from 2023 is a result of a shift in our balance sheet to higher risk weighted assets as we increase our LTA and diversify our investment portfolio which will positively impact profitability in the long term. Our capital leverage ratio increased to 9.14% in 2024 from 8.98% in 2023. 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 2024 ICAAP suggests that it would be prudent to hold an additional 3.20% of capital

CAPITAL MANAGEMENT (CONT'D)

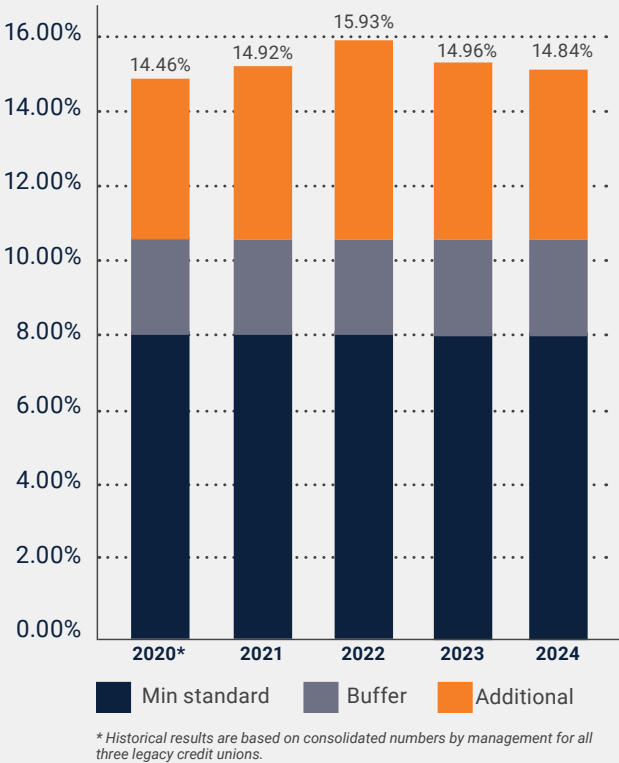
above the regulatory minimum including buffer, for a total eligible capital ratio of 13.47% (versus our 14.84%. Cornerstone currently holds 1.34% more capital than our ICAAP would suggest is required based on our current risks. The additional capital suggested by ICAAP will continue to change as Cornerstone’s 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

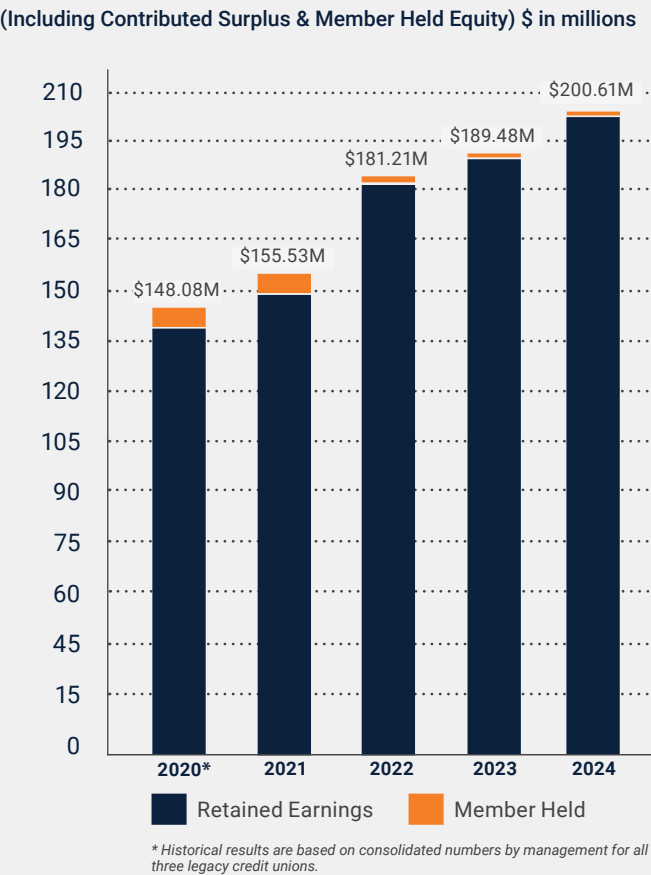
is managed within the guidelines of the capital plan with a goal to achieve and exceed regulatory minimums, maintain an optimal level of capital, meet operational requirements, absorb unexpected losses, implement long term strategic plans and signal financial strength.

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.

2024 Capital Measures %



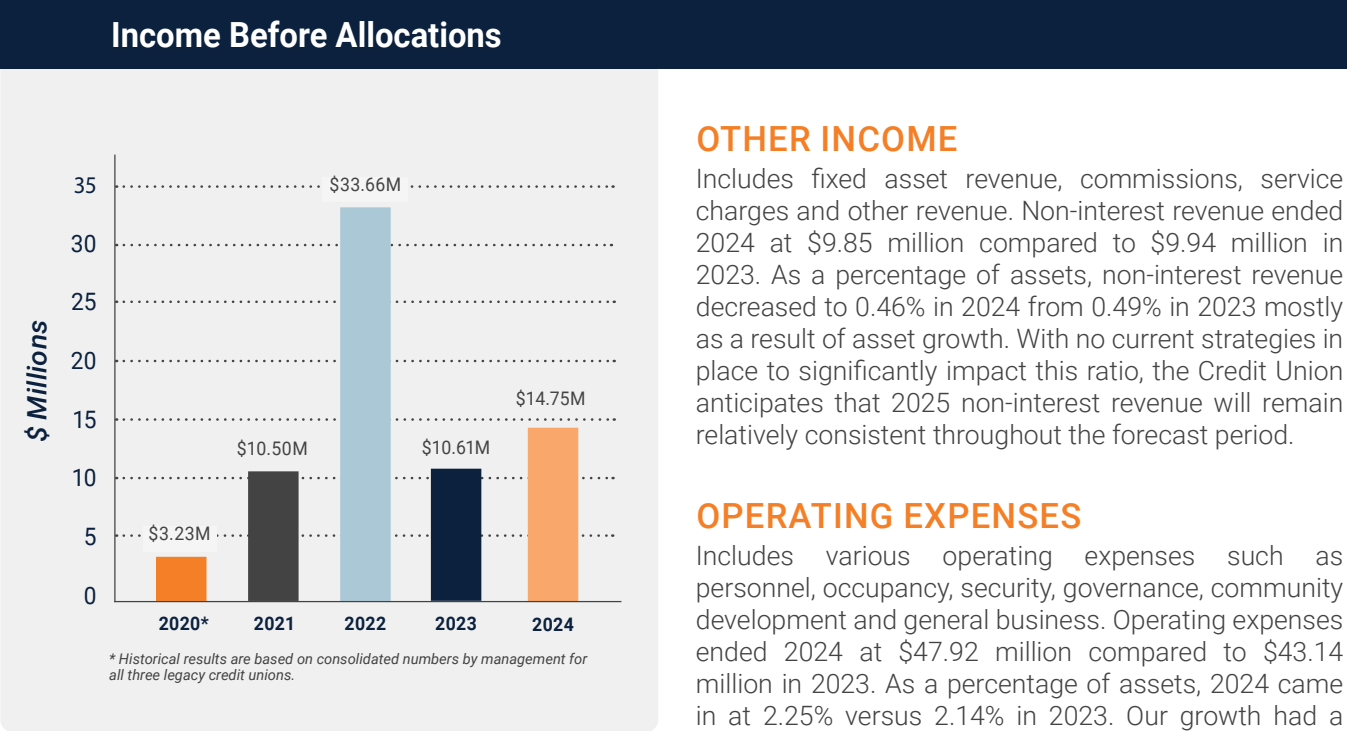
Retained Earnings





PROFITABILITY

Profitability in 2024 was better than anticipated mostly due to lower than anticipated charge for loan impairment and operating costs. Income before tax allocations for the year was \$14.75 million compared to \$10.61 million in 2023. For 2024 our return on assets (ROA) before provision for income tax was 0.70%, compared to 0.53% in 2023.



GROSS FINANCIAL MARGIN

Includes total interest revenue less total interest expense. For 2024, financial margin was 2.58% compared to 2.35% in 2023.

The Credit Union’s profitability is highly dependent on interest margin. Cornerstone Credit Union is now liability-sensitive in the short term, which ultimately means that profitability will improve as interest rates fall. Even though interest rates are expected to further decline in 2025, many of our assets are still coming off significantly lower rates than what the market is currently bearing, so we do expect to see steady margin improvement over the next few years. However, it will remain to be seen whether further rate declines come to fruition, competition for loans and deposits drive margin down, and if our forecasted margin is too optimistic.

OTHER INCOME

Includes fixed asset revenue, commissions, service charges and other revenue. Non-interest revenue ended 2024 at \$9.85 million compared to \$9.94 million in 2023. As a percentage of assets, non-interest revenue decreased to 0.46% in 2024 from 0.49% in 2023 mostly as a result of asset growth. With no current strategies in place to significantly impact this ratio, the Credit Union anticipates that 2025 non-interest revenue will remain relatively consistent throughout the forecast period.

OPERATING EXPENSES

Includes various operating expenses such as personnel, occupancy, security, governance, community development and general business. Operating expenses ended 2024 at \$47.92 million compared to \$43.14 million in 2023. As a percentage of assets, 2024 came in at 2.25% versus 2.14% in 2023. Our growth had a positive impact on this ratio as in terms of dollars, year over year expenses increased by \$4.78 million with personnel costs contributing to \$2.58 million of this increase. Personnel expenses are expected to continue to increase in the future as part of strategic initiatives to attract and retain talent as well as to invest in our people through business transformation initiatives. In addition, general business costs are also expected to increase significantly year over year due to inflationary pressures. Cornerstone will continue to focus 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 our members.

INCOME TAX EXPENSE

The tax expense for 2024 was 24.56% of earnings compared to prior year at 21.96%.

ENTERPRISE RISK MANAGEMENT

Cornerstone is committed to creating a supported environment that encourages risk-informed decision-making that is 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 are 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 have 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;
- Overseeing the application of ERM practices; and
- On-going identification of emerging risks

This 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 is responsible for:

- Overseeing the use of the Credit Union’s integrated risk management framework in all key decisions and business processes;
- Ensuring that key risks/opportunities assigned are monitored and reported; and
- Supporting 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's or counterparty's inability to meet its obligations. Due to the relative size of our internal loan portfolio, much 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).

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 implemented to reflect our risk tolerance. Credit risk is further mitigated through in-depth and ongoing training of loans personnel and 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.

Actual management of Liquidity risk is completed by the Asset Liability Committee (ALCO) and the Finance Team. Cornerstone's liquidity risk management framework operates under approved policies and processes, and we monitor actual and anticipated inflows and outflows of funds daily. We assess the adequacy of liquidity using potential outflow modeling and stress testing and report results quarterly to ALCO as well as to the Board of Directors through the Finance and Audit Committee. We hold a portfolio of liquid assets and have established borrowing facilities with SaskCentral. We also research, make recommendations, and acquire alternative sources of funding when appropriate.

**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 conducted 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 the 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 interest rate risk.

**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

**STRATEGIC RISK (CONT'D)**

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 Risk Committee and Board of Directors.

**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. Cybersecurity risk falls under operational risk and encompasses the loss of confidentiality, integrity, or availability of information, data and other systems and reflects the potential adverse impacts to organizational operations.

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.

**REGULATORY RISK**

Regulatory risk is the risk of loss arising from 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. We operate under a board approved regulatory compliance framework and a compliance team is in place to continuously assess and manage regulatory risk. We also undergo regular reviews by internal and external audit and numerous regulatory bodies. Reporting is completed quarterly to ERMCO as well as the Board of Directors through the Board Risk Committee.





# 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, 2024, 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, 2024.

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 IFRS® Accounting 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 February 26, 2025.

**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.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the summary consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Saskatoon, Saskatchewan

February 26, 2025

*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://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)	2024	2023
<b>Assets</b>		
Cash and cash equivalents	129,303	105,134
Investments	408,494	491,300
Member loans receivable	1,567,083	1,391,502
Other assets	4,116	5,422
Property, plant and equipment	17,294	17,755
Intangible assets	525	652
	2,126,815	2,011,765
<b>Liabilities</b>		
Member deposits	1,917,208	1,813,537
Other liabilities	9,000	8,747
Membership shares	141	145
	1,926,349	1,822,429
<b>Members' equity</b>		
Retained earnings	151,977	140,847
Contributed surplus	48,489	48,489
	200,466	189,336
	2,126,815	2,011,765

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)	2024	2023
Interest income	105,164	89,314
Interest expense	50,892	42,072
Gross financial margin	54,272	47,242
Provision for impaired loans	1,450	3,435
Net financial margin	52,822	43,807
Other income	9,849	9,940
Net interest and other income	62,671	53,747
Operating expenses	47,917	43,140
Income before provision for income taxes	14,754	10,607
Provision for income taxes	3,624	2,330
Comprehensive income	11,130	8,277

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, 2022	132,570	48,489	181,059
Comprehensive income for the year	8,277	-	8,277
Balance December 31, 2023	140,847	48,489	189,336
Comprehensive income for the year	11,130	-	11,130
Balance December 31, 2024	151,977	48,489	200,466

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)	2024	2023
Cash flows provided by (used for) the following activities:		
Operating activities	(58,323)	42,138
Financing activities	(4)	(5)
Investing activities	82,496	(1,051)
Increase in cash resources	24,169	41,082
Cash resources, beginning of year	105,134	64,052
Cash resources, end of year	129,303	105,134

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, 2024

Basis of the summary consolidated financial statements:

Management has prepared the summary consolidated financial statements from the December 31, 2024 audited consolidated financial statements, which are prepared in conformity with IFRS® Accounting Standards. The audited consolidated financial statements can be obtained at the Cornerstone Credit Union Financial Group Limited branches or online at [www.cornerstonecu.com](http://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.



