Cornerstone CREDIT UNION

Cornerstone Credit Union

FINANCIAL STATEMENTS

2024

Cornerstone Credit Union Financial Group Limited
Consolidated Financial Statements
December 31, 2024

Contents

For the year ended December 31, 2024

Management's Responsibility

To the Members of Cornerstone Credit Union Financial Group Limited:

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with IFRS® Accounting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Finance and Audit Committee are composed entirely of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Finance and Audit Committee has the responsibility of meeting with management, internal auditors, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

MNP LLP is appointed by the members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

February 26, 2025

Chief Executive Officer

Chief Financial Officer

To the Members of Cornerstone Credit Union Financial Group Limited:

Opinion

We have audited the consolidated financial statements of Cornerstone Credit Union Financial Group Limited and its subsidiary (the "Credit Union"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Credit Union as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Credit Union to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saskatoon, Saskatchewan

February 26, 2025

MNP LLP

Chartered Professional Accountants

Cornerstone Credit Union Financial Group Limited
Consolidated Statement of Financial Position
As at December 31, 2024

	2024 **(In thousands)**	2023 (In thousands)
Assets		
Cash and cash equivalents *(Note 4)*	**129,303**	105,134
Investments *(Note 5)*	**408,494**	491,300
Member loans receivable *(Note 6)*	**1,567,083**	1,391,502
Other assets *(Note 8)*	**4,116**	5,422
Property, plant and equipment *(Note 9)*	**17,294**	17,755
Intangible assets *(Note 10)*	**525**	652
	2,126,815	2,011,765
Liabilities		
Member deposits *(Note 12)*	**1,917,208**	1,813,537
Other liabilities *(Note 14)*	**9,000**	8,747
Membership shares *(Note 15)*	**141**	145
	1,926,349	1,822,429
Commitments *(Note 18), (Note 20)*		
Members' equity		
Retained earnings	**151,977**	140,847
Contributed surplus	**48,489**	48,489
	200,466	189,336
	2,126,815	2,011,765

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Cornerstone Credit Union Financial Group Limited
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2024

	2024 *(In thousands)*	2023 *(In thousands)*
Interest income		
Member loans	**79,442**	67,071
Investments	**25,722**	22,243
	105,164	89,314
Interest expense		
Member deposits	**50,850**	42,040
Borrowed money	**42**	32
	50,892	42,072
Gross financial margin	**54,272**	47,242
Other income	**9,849**	9,940
	64,121	57,182
Operating expenses		
Personnel	**28,218**	25,636
Security	**1,633**	1,530
Organizational	**396**	395
Occupancy	**2,890**	2,817
General business	**14,780**	12,762
	47,917	43,140
Income before provision for impaired loans and provision for (recovery of) income taxes	**16,204**	14,042
Provision for impaired loans *(Note 6)*	**1,450**	3,435
Income before provision for (recovery of) income taxes	**14,754**	10,607
Provision for (recovery of) income taxes *(Note 13)*		
Current	**3,859**	1,841
Deferred	**(235)**	489
	3,624	2,330
Comprehensive income	**11,130**	8,277

The accompanying notes are an integral part of these financial statements

Cornerstone Credit Union Financial Group Limited
Consolidated Statement of Changes in Members' Equity
For the year ended December 31, 2024

	Contributed surplus	*Retained earnings*	*Total equity (In thousands)*
Balance December 31, 2022	**48,489**	**132,570**	**181,059**
Comprehensive income	**-**	**8,277**	**8,277**
Balance December 31, 2023	**48,489**	**140,847**	**189,336**
Comprehensive income	**-**	**11,130**	**11,130**
Balance December 31, 2024	**48,489**	**151,977**	**200,466**

The accompanying notes are an integral part of these financial statements

Cornerstone Credit Union Financial Group Limited
Consolidated Statement of Cash Flows
For the year ended December 31, 2024

	2024	*2023*
	(In thousands)	*(In thousands)*
Cash provided by (used for) the following activities		
Operating activities		
Interest received from member loans	**78,553**	66,910
Interest received from investments	**24,898**	37,904
Other income	**9,849**	9,940
Cash paid to suppliers and employees	**(47,774)**	(46,291)
Interest paid on deposits	**(46,829)**	(30,856)
Net change in member deposits	**99,650**	94,996
Net change in member loans receivable	**(176,142)**	(85,627)
Interest paid on borrowings	**(42)**	(32)
Income taxes paid	**(486)**	(4,806)
	(58,323)	42,138
Financing activities		
Net change in membership shares	**(4)**	(5)
Investing activities		
Net change in investments	**83,630**	(263)
Purchases of property, plant and equipment	**(1,069)**	(731)
Proceeds from disposal of property, plant and equipment	**57**	51
Proceeds from disposal of foreclosed assets	**7**	82
Purchases of intangible assets	**(129)**	(190)
	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

1. Reporting entity

Cornerstone Credit Union Financial Group Limited (the “Credit Union”) was formed pursuant to the *Credit Union Act 1998* of Saskatchewan (“the Act”) and operates 15 Credit Union branches.

The Credit Union serves members and non-members in Arcola, Emerald Park, Grenfell, Indian Head, Ituna, Kelliher, Kipling, Melville, Montmartre, Rose Valley, Tisdale, Vibank, Wolseley, Wynyard, and Yorkton, Saskatchewan and the surrounding communities. The address of the Credit Union’s registered office is 64 Broadway Street East, Yorkton, Saskatchewan.

The consolidated financial statements of the Credit Union as at and for the year ended December 31, 2024 comprise the Credit Union and its wholly owned subsidiary CGT Cornerstone Holdings Limited. Together, these entities are referred to as Cornerstone Credit Union Financial Group Limited.

The Credit Union operates as one segment principally in personal and commercial banking in East Central Saskatchewan. Operating branches are similar in terms of products and services provided, methods used to distribute products and services, types of members and the nature of the regulatory environment.

The Credit Union conducts its principal operations through various branches, offering products and services including deposit business, individual lending, and independent business and commercial lending. The deposit business provides a wide range of deposit and investment products and sundry financial services to all members. The lending business provides a variety of credit products and services designed specifically for each particular group of borrowers. Other business comprises business of a corporate nature such as investment, risk management, asset liability management, treasury operations and revenue and expenses not expressly attributed to the business units.

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee.

The consolidated financial statements were approved by the Finance and Audit Committee on behalf of the Board of Directors and authorized for issue on February 26, 2025.

2. Basis of preparation

Basis of measurement

The consolidated financial statements have been prepared using the historical cost basis except for the revaluation of certain financial instruments.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Credit Union’s functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

Significant accounting judgments, estimates and assumptions

The preparation of the Credit Union’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and assumptions have been made using careful judgment; however, uncertainties could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in comprehensive income in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

By their nature, these estimates are subject to measurement uncertainty, and the effect on the consolidated financial statements from changes in such estimates in future years could be significant.

2. Basis of preparation *(Continued from previous page)*

Classification of financial assets

Classification of financial assets requires management to make judgments regarding the business model under which the Credit Union's financial assets are held and whether contractual cash flows consist solely of payments of principal and interest. Management has determined that the penalty to exercise prepayment features embedded in certain loans made to members do not result in payments that are not solely payments of principal and interest because they represent reasonable additional compensation for early termination of the contract.

Key assumptions in determining the allowance for expected credit losses

At each reporting period, financial assets are assessed to determine whether their credit risk has increased significantly since initial recognition. In determining whether credit risk has significantly increased, management develops a number of assumptions about the following factors which impact the borrowers' ability to meet debt obligations:

- Expected significant increase in unemployment rates and interest rates
- Declining revenues, working capital deficiencies, increases in balance sheet leverage and liquidity
- Expected or actual changes in internal credit ratings of the borrowers or external credit ratings of the instrument
- The correlation between credit risk on all lending facilities of the same borrower
- Changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about 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.

In estimating expected credit losses, the Credit Union develops a number of assumptions as follows:

- The period over which the Credit Union is exposed to credit risk, considering for example, prepayments, extension options and demand features
- The probability-weighted outcome, including identification of scenarios that specify the amount and timing of the cash flows for particular outcomes and the estimated probability of those outcomes
- The risk of default occurring on loans during their expected lives and during the next 12 months after the reporting date
- Expected cash short falls including, recoveries, costs to recover and the effects of any collateral or other credit enhancements
- Estimates of effective interest rates used in incorporating the time value of money
- Effects of the economic changes, such as inflation and rising interest rates, on specific sectors to which the Credit Union has credit exposures

The above assumptions are based on historical information and adjusted for current conditions and forecasts of future economic conditions. The Credit Union determines adjustments needed to its historical assumptions by monitoring the correlation of the probability of default and loss rates with the following economic variables:

- Interest rates
- Unemployment rates
- Gross domestic product
- Inflation
- Loan to value ratios
- Housing price indices

The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes that are neither best-case nor worse-case scenarios. The Credit Union uses judgment to weight these scenarios.

2. Basis of preparation *(Continued from previous page)*

Fair value of unquoted equity instruments

The Credit Union has assessed that the fair values of its unquoted equity instruments, SaskCentral shares and Concentra Bank (a subsidiary of Equitable Bank) shares approximates its cost based on the terms that the equity investments can not be transferred, the shares can not be sold and new shares are issued at par value of all currently held shares.

3. Material accounting policy information

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Regulations to the Act specify that certain items are required to be disclosed in the consolidated financial statements which are presented at annual meetings of members. It is management's opinion that the disclosures in these consolidated financial statements and notes comply, in all material respects, with the requirements of the Act. Where necessary, reasonable estimates and interpretations have been made in presenting this information.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Credit Union and its subsidiary.

A subsidiary is an entity controlled by the Credit Union. Control is achieved where the Credit Union is exposed, or has rights, to variable returns from its involvement with the investee and it has the ability to affect those returns through its power over the investee. In assessing control, only rights which give the Credit Union the current ability to direct the relevant activities and that the Credit Union has the practical ability to exercise, are considered.

The results of subsidiaries acquired or disposed of during the year are included in these consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with those used by other members of the group.

Any balances, unrealized gains and losses or income and expenses arising from intra-company transactions, are eliminated upon consolidation. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Credit Union's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency of the Credit Union at exchange rates prevailing at the transaction dates (spot exchange rates). Monetary assets and liabilities are retranslated at the exchange rates at the consolidated statement of financial position date. Exchange gains and losses on translation or settlement are recognized in comprehensive income for the current period.

Revenue recognition

The following describes the Credit Union's principal activities from which it generates revenue.

Service charge fees, commission and other revenue

The Credit Union generates revenue from the Credit Union providing financial services to its members. Revenue is recognized as services are rendered.

The Credit Union does not have an enforceable right to payment until services are rendered and commission revenue earned when the products are sold.

The amount of revenue recognized on these transactions is based on the price specified in the contract.

3. Material accounting policy information *(Continued from previous page)*

The Credit Union applies the practical expedient, whereby the Credit Union does not adjust the promised amount of consideration for the effects of a significant financing component if the Credit Union expects, at contract inception, that the period between when the Credit Union transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Revenue recognition for items outside the scope of IFRS 15 is included in the financial instruments section of Note 3.

Financial instruments

Financial assets

Recognition and initial measurement

The Credit Union recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Credit Union determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Debt instruments are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash equivalents, SaskCentral and Concentra Bank liquidity deposits, Concentra Bank term deposits, portfolio term deposits, portfolio bonds, member loans receivable and accrued interest thereon, and accounts receivable balances.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss include cash.

The Credit Union measures all equity investments and derivatives at fair value. Changes in fair value are recorded in profit or loss. Equity investments measured at fair value through profit or loss are comprised of other equity investments and shares in SaskCentral and Concentra Bank. Derivatives measured at fair value through profit or loss are comprised of interest rate swap derivatives and index linked derivatives.

Business model assessment

The Credit Union assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives and how performance of the portfolio is evaluated.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Credit Union considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Credit Union's claim to cash flows, and any features that modify consideration for the time value of money.

3. Material accounting policy information *(Continued from previous page)*

Reclassifications

The Credit Union reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment

The Credit Union recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments, as well as lease receivables, contract assets, and any financial guarantee contracts and loan commitments not measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

For member loans receivable the Credit Union records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the Credit Union assessed that a significant increase in credit risk has occurred, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union applies the simplified approach for accounts receivable that do not contain a significant financing component. Using the simplified approach, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants and requests to restructure loan payment schedules. For financial assets assessed as credit-impaired at the reporting date, the Credit Union continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial assets;
- For loan commitments and financial guarantee contracts, as a provision; and
- For facilities with both a drawn and undrawn component where the Credit Union cannot separately identify expected credit losses between the two components, as a deduction from the carrying amount of the drawn component. Any excess of the loss allowance over the carrying amount of the drawn component is presented as a provision.

Financial assets are written off when the Credit Union has no reasonable expectations of recovering all or any portion thereof.

Refer to Note 18 for additional information about the Credit Union's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

Derecognition of financial assets

The Credit Union applies its accounting policies for the derecognition of a financial asset to a part of a financial asset only when:

- The part comprises only specifically identified cash flows from a financial asset;
- The part comprises only a pro-rata share of the cash flows from a financial asset; or
- The part comprises only a pro-rata share of specifically identified cash flows from a financial asset.

In all other situations the Credit Union applies its accounting policies for the derecognition of a financial asset to the entirety of a financial asset.

The Credit Union derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire, or the financial asset has been transferred under particular circumstances.

3. Material accounting policy information *(Continued from previous page)*

For this purpose, a financial asset is transferred if the Credit Union either:

- Transfers the right to receive the contractual cash flows of the financial asset; or
- Retains the right to receive the contractual cash flows of the financial asset, but assumes an obligation to pay received cash flows in full to one or more third parties without material delay and is prohibited from further selling or transferring the financial asset.

Transferred financial assets are evaluated to determine the extent to which the Credit Union retains the risks and rewards of ownership. When the Credit Union neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it evaluates whether it has retained control of the financial asset.

Where substantially all risks and rewards of ownership have been transferred, or risks and rewards have neither been transferred nor retained and control of the financial asset has not been retained, the Credit Union derecognizes the financial asset. At the same time, the Credit Union separately recognizes as assets or liabilities the fair value of any rights and obligations created or retained in the transfer. Any difference between the carrying amount measured at the date of recognition and the consideration received is recognized in profit or loss. Such transactions include syndications of member loans.

Where the Credit Union neither transfers nor retains substantially all risks and rewards of ownership and retains control of the transferred financial asset, it continues to recognize the financial asset to the extent of its continuing involvement and also recognizes an associated liability. Both the continuing financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Credit Union has retained. Income and expenses related to the extent of the Credit Union's continuing involvement in the transferred asset and the associated liability are subsequently recognized. The Credit Union considers member loan securitization to be transfers of assets resulting in continuing involvement.

Modification of financial assets

The Credit Union assesses the modification of terms of a financial asset to evaluate whether its contractual rights to the cash flows from that asset have expired in accordance with the Credit Union's derecognition policy.

When the modifications do not result in derecognition of the financial asset, the gross carrying amount of the financial asset is recalculated with any difference between the previous carrying amount and the new carrying amount recognized in profit or loss. The new gross carrying amount is recalculated as the present value of the modified contractual cash flows discounted at the asset's original effective interest rate.

For the purpose of applying the impairment requirements, at each reporting date subsequent to the modification, the Credit Union continues to assess whether there has been a significant increase in credit risk on the modified financial assets from the date of initial recognition.

Financial liabilities

Recognition and initial measurement

The Credit Union recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Credit Union measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Credit Union derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

3. Material accounting policy information *(Continued from previous page)*

Derivatives and hedge accounting

Derivatives are initially recognized at fair value on the date the Credit Union becomes party to the provisions of the contract, and are subsequently remeasured at fair value at the end of each reporting period. Changes in the fair value of derivatives not designated as a hedging instrument are recognized in profit or loss.

The Credit Union designates certain derivative financial instruments as the hedging instrument in qualifying hedging relationships in order to better reflect the effect of its risk management activities in the consolidated financial statements.

Qualifying hedging relationships are those where there is an economic relationship between the hedged item and the hedging instrument, the effect of credit risk does not dominate the value changes that result from that economic relationship, and the hedge ratio of the hedging relationship is the same as that resulting from the actual quantities of the hedging instrument and the hedged item that the Credit Union uses for hedging purposes.

At inception of the hedging relationship, the Credit Union documents the economic relationship between the hedging instrument(s) and the hedged item(s), along with its risk management objective and strategy.

Fair value hedges

The Credit Union uses fair value hedges to hedge its exposure to changes in the fair value of member loans receivable.

Changes in the fair value of the hedging instrument are recognized immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the risks being hedged.

Where the Credit Union has designated a group of assets and/or liabilities in a fair value hedge, gains and losses are presented in the consolidated statement of financial position as an adjustment to the carrying amount of the respective individual items comprising the group.

When the hedged item is a financial instrument measured at amortized cost, adjustments to the hedged item are amortized to profit or loss. Amortization may begin as soon as a hedging adjustment exists but no later than when the hedged item ceases to be adjusted for hedging gains and losses. Amortization is based on a recalculated effective interest rate calculated at the date that amortization begins.

As at December 31, 2024, the Credit Union is not currently holding any interest rate swaps as hedging instruments.

Rebalancing and discontinuation of hedging relationships

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedging relationship continues to qualify for hedge accounting, the hedging ratio is rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item to realign the hedge ratio with the ratio used for risk management purposes. Hedge ineffectiveness is recognized in profit or loss at the time of rebalancing.

Hedge accounting is discontinued prospectively when the hedging relationship ceases to meet the qualifying criteria, including instances where the hedging instrument expires or is sold, terminated or exercised.

Dividend income

Dividend income is recorded in profit or loss when the Credit Union’s right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Credit Union, and the amount of the dividend can be measured reliably.

Interest

Interest income and expense are recognized in profit or loss using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets.

3. Material accounting policy information *(Continued from previous page)*

The ‘amortized cost’ of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The ‘gross carrying amount’ of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses.

Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or the amortized cost of the financial liability.

Where a financial asset has become credit-impaired subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit-impaired, calculation of interest income reverts to the gross basis.

Collateral

The Credit Union recognizes the proceeds from the sale of any non-cash collateral that has been pledged to it and a liability measured at fair value for its obligation to return the collateral.

If a debtor defaults under the terms of its contract and is no longer entitled to the return of any collateral, the Credit Union recognizes the collateral as an asset initially measured at fair value or, if it has already sold the collateral, derecognizes its obligation to return the collateral.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Credit Union’s cash management system.

Investments

Each investment is classified into one of the categories described under financial instruments. The classification dictates the accounting treatment for the carrying value and changes in that value.

SaskCentral and Concentra Bank deposits and shares

SaskCentral and Concentra Bank deposits are measured at amortized cost. Shares are measured at fair value, with adjustments to fair value recognized in profit or loss.

Portfolio investments

Portfolio term deposits are measured at amortized cost.

Investments in equity investments are measured at fair value, with adjustments recognized in profit or loss.

Impairment of non-financial assets

At the end of each reporting period, the Credit Union reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Credit Union estimates the recoverable amount of the cash-generating units (“CGU”) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU’s, or otherwise they are allocated to the smallest group of CGU’s for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. Material accounting policy information *(Continued from previous page)*

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income.

Syndication

The Credit Union syndicates individual assets with various other financial institutions primarily to manage credit risk, create liquidity and manage regulatory capital for the Credit Union. Syndicated loans transfer substantially all the risks and rewards related to the transferred financial assets and are derecognized from the Credit Union’s consolidated statement of financial position. All loans syndicated by the Credit Union are on a fully serviced basis. The Credit Union receives fee income for services provided in the servicing of the transferred financial assets.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives. Land has an unlimited useful life and is therefore not depreciated. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is available for use.

The depreciation rates applicable for each class of asset during the current and comparative period are as follows:

	Years
Buildings and improvements	10-40 years
Automotive	5 years
Furniture and equipment	3-10 years

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

Gains or losses on the disposal of property, plant and equipment will be determined as the difference between the net disposal proceeds and the carrying amount of the asset, and recognized in comprehensive income as other operating income or other operating costs, respectively.

Intangible assets

Computer software

The Credit Union's only intangible asset is computer software which is amortized to comprehensive income on a straight-line basis over its estimated useful life of 3 - 10 years. The useful life of computer software will be reviewed on an annual basis and the useful life is altered if estimates have changed significantly.

Gains or losses on the disposal of intangible assets will be determined as the difference between the net disposal proceeds and the carrying amount of the asset, and recognised in comprehensive income as other operating income or other operating costs, respectively.

Income taxes

The Credit Union accounts for income taxes using the asset and liability method. Current and deferred taxes are recognized in comprehensive income except to the extent that the tax is recognized either in other comprehensive income or directly in equity, or the tax arises from a business combination. Under this method, the provision for income taxes is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

3. Material accounting policy information *(Continued from previous page)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable income.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available which allow the deferred tax asset to be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Membership shares

Shares are classified as liabilities or member equity in accordance with their terms. Shares redeemable at the option of the member, either on demand or on withdrawal from membership, are classified as liabilities. Shares redeemable at the discretion of the Credit Union Board of Directors are classified as equity. Shares redeemable subject to regulatory restrictions are accounted for using the criteria set out in IFRIC 2 *Members' Shares in Cooperative Entities and Similar Instruments*.

4. Cash and cash equivalents

	2024	*2023*
Cash	**62,232**	61,493
Cash equivalents	**67,071**	43,641
	129,303	105,134

5. Investments

	2024	*2023*
Measured at fair value through profit or loss		
SaskCentral and Concentra Bank shares	**4,826**	8,597
Other equity investments	**13,973**	14,677
	18,799	23,274
Measured at amortized cost		
SaskCentral and Concentra Bank liquidity deposits	**102,824**	131,002
Concentra Bank term deposits	**152,160**	198,160
Portfolio term deposits	**106,120**	116,121
Portfolio bonds	**20,404**	15,279
	381,508	460,562
Accrued interest	**8,187**	7,464
	408,494	491,300

5. Investments *(Continued from previous page)*

The table below shows the credit risk exposure on investments. Ratings are as provided by Dominion Bond Rating Services ("DBRS") unless otherwise indicated.

	2024	*2023*
Investment portfolio rating		
AA+	**30,000**	10,000
AA	**127,650**	138,140
A	**10,080**	35,000
A-	**-**	25,000
BBB+	**188,193**	-
BBB	**30,251**	260,858
Unrated	**14,133**	14,838
	400,307	483,836

Statutory liquidity

Pursuant to Regulations, the Standards of Sound Business Practices ("SSBP") requires that the Credit Union maintain 8.65% of its total liabilities in specified liquidity deposits. The provincial regulator for Credit Unions, Credit Union Deposit Guarantee Corporation ("CUDGC"), requires that the Credit Union adhere to these prescribed limits and restrictions. As of December 31, 2024 the Credit Union met the requirement.

Liquidity coverage ratio

The Credit Union has implemented a Liquidity Coverage Ratio ("LCR") which is a regulatory requirement of CUDGC. The objective of the LCR is to ensure that the Credit Union has an adequate stock of unencumbered high-quality liquid assets ("HQLA") that:

- consists of cash or assets that can be converted into cash at little or no loss of value; and
- meets its liquidity needs for a 30-calendar day stress scenario, by which time it is assumed corrective actions have been taken by the Credit Union and/or CUDGC.

This stress scenario noted above is viewed as a minimum requirement. The Credit Union conducts additional stress tests to assess the level of liquidity to hold beyond the regulatory minimum, and constructs scenarios that could cause difficulties for specific business activities. Internal stress tests have longer time horizons and results are reported to CUDGC upon request.

The LCR is calculated as the value of the stock in HQLA in stressed conditions divided by the total net cash outflows over the next 30 calendar days.

As at December 31, 2024, the Credit Union is in compliance with regulatory requirements.

6. Member loans receivable

Principal and allowance by loan type:

2024

	Principal performing	**Principal impaired**	**Allowance specific**	**Allowance for expected credit losses**	**Net carrying value**
Agriculture loans	173,219	-	-	194	**173,025**
Commercial loans	46,858	1,270	1,195	225	**46,708**
Consumer loans	103,134	96	48	925	**102,257**
Lines of credit	64,358	-	-	271	**64,087**
Mortgages	1,159,361	18,759	3,256	1,849	**1,173,015**
	1,546,930	20,125	4,499	3,464	**1,559,092**
Foreclosed assets	641	-	-	-	**641**
Accrued interest	7,270	80	-	-	**7,350**
Total	1,554,841	20,205	4,499	3,464	**1,567,083**

2023

	Principal performing	Principal impaired	Allowance specific	Allowance for expected credit losses	Net carrying value
Agriculture loans	143,210	-	-	112	143,098
Commercial loans	40,582	1,310	1,195	384	40,313
Consumer loans	100,446	65	43	714	99,754
Lines of credit	72,907	-	-	246	72,661
Mortgages	1,013,461	21,972	4,585	1,618	1,029,230
	1,370,606	23,347	5,823	3,074	1,385,056
Accrued interest	6,321	140	15	-	6,446
Total	1,376,927	23,487	5,838	3,074	1,391,502

The allowance for loan impairment changed as follows:

	2024	*2023*
Balance, beginning of year	**8,912**	13,934
Provision for impaired loans	**1,450**	3,435
	10,362	17,369
Less: accounts written off, net of recoveries	**2,399**	8,457
Balance, end of year	**7,963**	8,912

7. Derivatives and hedge accounting

The following disclosures summarize the Credit Union's risk management practices and use of hedge accounting as required by IFRS 7 *Financial Instruments: Disclosures*.

Fair value hedges

Fair value hedges of interest rate risk

Risk management strategy

The Credit Union uses interest rate swaps to hedge its exposure to interest rate risk arising from the changes in the fair value of fixed-rate member loans receivable due to fluctuations in the benchmark interest rate (prime).

The Credit Union uses interest rate swaps to hedge its risk exposure by purchasing swaps on an ad hoc basis to match the specific amount of issuances of member loans receivable that they wish to hedge. The Credit Union uses this strategy to manage interest rate risk and monitors their static gap and interest rate risk measures on a quarterly basis to determine if an interest rate swap purchase would be necessary.

The economic relationship between interest rate swaps and fixed-rate member loans receivable is established by assessing the difference between the hedging instrument interest rate and the rate used by the market to determine pricing of the hedged item and how that difference changes over time. The hedge ratio is determined using the actual amount of fixed-rate loans and advances hedged and the nominal amounts of interest-rate swaps.

Hedge ineffectiveness is expected to arise from deviations between the interest rate reset date of fixed-rate member loans receivable and interest rate swaps.

As at December 31, 2024, the Credit Union is not currently holding any interest rate swaps.

Amount, timing and uncertainty of cash flows

At December 31, 2023, the Credit Union held the following interest rate swaps as hedging instruments in fair value hedges of interest rate risk.

	2023 Maturity
	Less than 3 months
Hedge of member loans receivable	
Nominal amount in thousands of dollars	15,000
Average fixed interest-rate	2.2

Effects of fair value hedge accounting on financial position and performance

There were no adjustments required for ineffectiveness of the hedges in 2024 or 2023.

Derivative financial instruments not designated as hedging instruments

The Credit Union has index linked derivatives that either do not qualify or are not designated for hedge accounting. Accordingly, these derivative financial instruments have been measured at fair value, with the related gain recognized in profit or loss.

8. Other assets

	2024	*2023*
Accounts receivable	**171**	475
Corporate income tax recoverable	**-**	1,243
Prepaid expenses and deposits	**1,068**	1,214
Deferred tax asset	**1,388**	1,153
Interest rate swap derivative	**-**	88
Index linked derivatives	**1,489**	1,249
	4,116	5,422

9. Property, plant and equipment

	Land	***Buildings and improvements***	***Automotive***	***Furniture and equipment***	***Total***
Cost					
Balance at December 31, 2022	**1,732**	**27,392**	**138**	**4,086**	**33,348**
Additions	**31**	**481**	**48**	**171**	**731**
Disposals	**(10)**	**(32)**	**(32)**	**(77)**	**(151)**
Balance at December 31, 2023	**1,753**	**27,841**	**154**	**4,180**	**33,928**
Additions	**-**	**732**	**-**	**337**	**1,069**
Disposals	**-**	**(1)**	**-**	**(30)**	**(31)**
Balance at December 31, 2024	**1,753**	**28,572**	**154**	**4,487**	**34,966**
Accumulated depreciation					
Balance at December 31, 2022	**-**	**11,736**	**60**	**3,045**	**14,841**
Depreciation	**-**	**1,061**	**29**	**378**	**1,468**
Disposals	**-**	**(27)**	**(32)**	**(77)**	**(136)**
Balance at December 31, 2023	**-**	**12,770**	**57**	**3,346**	**16,173**
Depreciation	**-**	**1,106**	**28**	**394**	**1,528**
Disposals	**-**	**(1)**	**-**	**(28)**	**(29)**
Balance at December 31, 2024	**-**	**13,875**	**85**	**3,712**	**17,672**
Net book value					
At December 31, 2023	1,753	15,071	97	834	17,755
At December 31, 2024	**1,753**	**14,697**	**69**	**775**	**17,294**

10. Intangible assets

	2024	2023
Cost	**3,300**	3,171
Accumulated amortization	**(2,775)**	(2,519)
	525	652

	Computer software
Cost	
Balance at December 31, 2022	**2,981**
Additions	**190**
Balance at December 31, 2023	**3,171**
Additions	**129**
Balance at December 31, 2024	**3,300**
Accumulated amortization	
Balance at December 31, 2022	**2,270**
Amortization	**249**
Balance at December 31, 2023	**2,519**
Amortization	**256**
Balance at December 31, 2024	**2,775**

11. Line of credit

The Credit Union has an authorized line of credit due on demand, with no fixed repayment date, bearing interest at CDN prime minus 0.5% (4.95% at December 31, 2024) and US prime plus 0.5% (8.00% at December 31, 2024) in the amount of $39,200 CDN (2023 - $37,000) and $1,000 US (2023 - $1,000) from SaskCentral. As at December 31, 2024, the Credit Union has utilized $nil of its line of credit (2023 - $nil was advanced).

Borrowings are secured by a general securities agreement, financial services agreement, and an operating account agreement.

12. Member deposits

	2024	2023
Chequing, savings, investor savings	**980,515**	969,962
Registered savings plans	**143,881**	142,230
Term deposits	**770,784**	683,338
Accrued interest	**22,028**	18,007
	1,917,208	1,813,537

Total deposits include $5,310 (2023 - $8,227) denominated in foreign currencies.

Member deposits are subject to the following terms:

- Chequing, savings and investor savings products are due on demand and bear interest at rates up to 4.70% (2023 - 5.70%).
- Registered savings plans are subject to fixed and variable rates of interest up to 5.75% (2023 - 5.75%), with interest payments due monthly, annually or on maturity.
- Term deposits are subject to fixed and variable rates of interest up to 5.75% (2023 - 5.75%), with interest payments due monthly, annually or on maturity.

13. Income tax

Income tax expense recognized in comprehensive income

The applicable tax rate is the aggregate of the federal income tax rate of 15% (2023 - 15%) and the provincial tax rate of 12% (2023 - 12%). Subsidiary income is taxed at a combined rate of 27% (2023 - 27%).

Reconciliation between average effective tax rate and the applicable tax rate

	2024	2023
Applicable tax rate	**27.00 %**	27.00 %
Saskatchewan Technology Startup Incentive tax credit	**- %**	(0.64)%
Change in estimates	**(1.67)%**	(2.96)%
Non-taxable dividends and other items	**(0.77)%**	(1.43)%
Average effective tax rate (tax expense divided by profit before tax)	**24.56 %**	21.97 %

14. Other liabilities

	2024	2023
Accounts payable	**5,381**	7,498
Corporate income tax payable	**2,130**	-
Index linked derivatives	**1,489**	1,249
	9,000	8,747

15. Membership shares

Authorized:

Unlimited number of Common shares, at an issue price of $5.

Issued (in thousands):	***2024***	*2023*
28 Common shares (2023 - 29)	**141**	145

All common shares are classified as liabilities.

When an individual becomes a member of the Credit Union, they are issued a common share at $5 per share. Each member of the Credit Union has one vote, regardless of the number of common shares held.

During the year, the Credit Union issued 1 (2023 - 1) and redeemed 2 (2023 - 2) common shares.

16. Related party transactions

Key management compensation of the Credit Union

Key management personnel ("KMP") of the Credit Union are the Chief Executive Officer, Chief Strategy & Innovation Officer, Chief Financial Officer, Chief Risk Officer, Chief People & Governance Officer, Chief Operations & Member Experience Officer, and members of the Board of Directors. KMP remuneration includes the following expenses:

	2024	*2023*
Salaries and short-term benefits	**2,322**	2,283

Transactions with key management personnel

The Credit Union, in accordance with its policy, may grant credit to its directors, management and staff at concessional rates of interest on their loans and facilities.

Loans made to KMP are approved under the same lending criteria applicable to members and are included in member loans on the consolidated statement of financial position. There are no loans to KMP that are impaired.

Directors, management and staff of the Credit Union hold deposit accounts. These accounts are maintained under the same terms and conditions as accounts of other members, and are included in deposit accounts on the consolidated statement of financial position.

There are no benefits or concessional terms and conditions applicable to the family members of KMP.

In the ordinary course of business, the Credit Union provided normal financial services to its wholly-owned subsidiary CGT Cornerstone Holdings Limited on terms similar to those offered to non-related parties.

16. Related party transactions *(Continued from previous page)*

These loans and deposits were made in the normal course of operations and are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

	2024	*2023*
Aggregate loans to KMP	**4,104**	4,412
Aggregate revolving credit facilities to KMP	**1,335**	1,478
Less: approved and undrawn lines of credit	**(999)**	(1,354)
	4,440	4,536

	2024	*2023*
During the year the aggregate value of loans approved to KMP amounted to:		
Revolving credit	**36**	10
Mortgages	**237**	1,005
Loans	**816**	243
	1,089	1,258

	2024	*2023*
Income and expense transactions with KMP consisted of:		
Interest earned on loans to KMP	**161**	210
Total interest paid on deposits to KMP	**92**	75

	2024	*2023*
The total value of member deposits from KMP as at the year-end:		
Chequing and demand deposits	**4,424**	4,366
Term deposits	**735**	570
Registered plans	**389**	353
Total value of member deposits due to KMP	**5,548**	5,289

Directors' fees and expenses

	2024	*2023*
Directors' expenses	**41**	44
Meeting, training and conference costs	**37**	31

Amounts paid to directors range from $12 (2023 – $12) to $47 (2023 – $39) with an average of $20 (2023 – $20).

SaskCentral

The Credit Union is a member of SaskCentral, which acts as a depository for surplus funds received from and loans made to credit unions. SaskCentral also provides other services for a fee to the Credit Union and acts in an advisory capacity.

Interest earned on investments during the year ended December 31, 2024 amounted to $19,409 (2023 - $13,987).

Interest and stand-by fees paid on borrowings during the year ended December 31, 2024 amounted to $42 (2023 - $32).

Payments made for affiliation dues for the year ended December 31, 2024 amounted to $87 (2023 - $86).

17. Capital management

A capital management framework is included in policies and procedures established by the Board of Directors. The Credit Union's objectives when managing capital are to:

- Adhere to regulatory capital requirements as minimum benchmarks;
- Co-ordinate strategic risk management and capital management;
- Develop financial performance targets/budgets/goals;
- Administer a patronage program that is consistent with capital requirements;
- Administer an employee incentive program that is consistent with capital requirements; and
- Develop a growth strategy that is coordinated with capital management requirements.

CUDGC prescribes capital adequacy measures and minimum capital requirements. The capital adequacy rules issued by CUDGC have been based on the Basel III framework, consistent with the financial industry in general.

The Credit Union follows a risk-weighted asset calculation for credit and operational risk. Under this approach, credit unions are required to measure capital adequacy in accordance with instructions for determining risk-adjusted capital and risk-weighted assets, including off-balance sheet commitments. Based on the prescribed risk of each type of asset, a weighting of 0% to 1,250% is assigned. The ratio of regulatory capital to risk-weighted assets is calculated and compared to the standard outlined by CUDGC. Regulatory standards require credit unions to maintain a minimum total eligible capital to risk-weighted assets of 8%, a minimum tier 1 capital to risk-weighted assets of 6% and a minimum common equity tier 1 capital to risk-weighted assets of 4.5%. In addition to the minimum capital ratios, the Credit Union is required to hold a capital conservation buffer of 2.5%. The capital conservation buffer is designed to avoid breaches of the minimum capital requirement. Eligible capital consists of total tier 1 and tier 2 capital.

Tier 1 capital is defined as a credit union's primary capital and comprises the highest quality of capital elements while tier 2 is secondary capital and falls short of meeting tier 1 requirements for permanence or freedom from mandatory charges. Tier 1 capital consists of two components: common equity tier 1 capital and additional tier 1 capital. Common equity tier 1 capital includes retained earnings, contributed surplus and accumulated other comprehensive income ("AOCI"). Deductions from common equity tier 1 capital include goodwill, intangible assets, deferred tax assets (except those arising from temporary differences), increases in equity capital resulting from securitization transactions, unconsolidated substantial investments and fair value gains/losses on own-use property. Additional tier 1 capital consists of qualifying membership shares and other investment shares issued by the Credit Union that meet the criteria for inclusion in additional tier 1 capital.

Tier 2 capital includes a collective allowance for credit losses to a maximum of 1.25% of risk-weighted assets, subordinated indebtedness, and qualifying membership shares or other investment shares issued by the Credit Union that meet the criteria for inclusion in tier 2 capital and are not included in tier 1 capital.

Regulatory standards also require the Credit Union to maintain a minimum leverage ratio of 5%. This ratio is calculated by dividing eligible capital by total assets less deductions from capital plus specified off-balance sheet exposures. Based on the type of off-balance sheet exposure, a conversion factor is applied to the leverage ratio.

The Credit Union has adopted a capital plan that conforms to the capital framework and is regularly reviewed and approved by the Board of Directors. The following table compares CUDGC regulatory standards to the Credit Union's board policy for 2024:

	Regulatory standards	***Board limits***
Total eligible capital to risk-weighted assets	**10.50 %**	**12.50 %**
Total tier 1 capital to risk-weighted assets	**8.50 %**	**12.00 %**
Common equity tier 1 capital to risk-weighted assets	**7.00 %**	**12.00 %**
Leverage ratio	**5.00 %**	**7.00 %**

During the year, the Credit Union complied with all internal and external capital requirements.

17. Capital management *(Continued from previous page)*

The following table summarizes key capital information:

	2024	*2023*
Eligible capital		
Common equity tier 1 capital	**199,941**	188,684
Additional tier 1 capital	**-**	-
Total tier 1 capital	**199,941**	188,684
Total tier 2 capital	**3,605**	3,219
Total eligible capital	**203,546**	191,903

Risk-weighted assets		
Total eligible capital to risk-weighted assets	**14.84 %**	14.96 %
Total tier 1 capital to risk-weighted assets	**14.58 %**	14.71 %
Common equity tier 1 capital to risk-weighted assets	**14.58 %**	14.71 %
Leverage ratio	**9.14 %**	8.98 %

18. Financial instruments

The Credit Union, as part of its operations, carries a number of financial instruments which result in exposure to the following risks: credit risk, market risk, and liquidity risk.

Accordingly, the Credit Union has established avoidance of undue concentrations of risk, hedging of risk exposures, and requirements for collateral to mitigate credit risk as risk management objectives. In seeking to meet these objectives, the Credit Union follows risk management policies approved by its Board of Directors.

The Credit Union's risk management policies and procedures include the following:

- Ensure all activities are consistent with the mission, vision and values of the Credit Union
- Balance risk and return
- Manage credit, market and liquidity risk through preventative and detective controls
- Ensure credit quality is maintained
- Ensure credit, market, and liquidity risk is maintained at acceptable levels
- Diversify risk in transactions, member relationships and loan portfolios
- Price according to risk taken, and
- Using consistent credit risk exposure tools.

Various Board of Directors committees are involved in financial instrument risk management oversight, including the Finance and Audit Committee, Risk Committee and Conduct Review Committee.

There have been no significant changes from the previous year in the Credit Union’s risks to which it is exposed or its general policies and procedures for managing risk.

Credit risk

Credit risk is the risk of financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Credit Union. Credit risk primarily arises from member loans receivable.

18. Financial instruments *(Continued from previous page)*

Risk management process

Credit risk management is integral to the Credit Union's activities. Management and the Board of Directors are responsible for developing and implementing the credit risk management practices of the Credit Union by establishing the relevant policies and procedures. Management carefully monitors and manages the Credit Union's exposure to credit risk by reviewing member credit extension policies and guidelines and reviewing the performance of loan portfolios, including default events and past due status. The risk management process starts at the time of a member credit application and continues until the loan is fully repaid. The primary credit risk management policies and procedures include the following:

- Loan security (collateral) requirements
  - Security valuation processes, including method used to determine the value of real property and personal property when that property is subject to a mortgage or other charge
  - Maximum loan to value ratios where a mortgage or other charge on real or personal property is taken as security
- Borrowing member capacity (repayment ability) requirements
- Borrowing member character requirements
- Limits on aggregate credit exposure per individual and/or related parties
- Limits on concentration of credit risk by loan type, industry and economic sector
- Limits on the types of credit facilities and services offered
- Internal loan approval processes and loan documentation standards
- Loan re-negotiation, extension and renewal processes
- Processes that identify adverse situations and trends, including risks associated with economic, geographic and industry sectors
- Control and monitoring processes including portfolio risk identification and delinquency tolerances
- Timely loan analysis processes to identify, assess and manage delinquent and impaired loans
- Collection processes that include action plans for deteriorating loans
- Overdraft control and administration processes
- Loan syndication processes

The Credit Union's credit risk policies, processes and methodologies are reviewed periodically to ensure they remain relevant and effective in managing credit risk.

To meet the needs of its members and to manage its own exposure to fluctuations in interest rates, the Credit Union participates in various commitments and contingent liability contracts. The primary purpose of these contracts is to make funds available for the financing needs of members. These are subject to normal credit standards, financial controls, risk management and monitoring procedures. The contractual amounts of these credit instruments represent the maximum credit risk exposure without taking into account the fair value of any collateral, in the event other parties fail to perform their obligations under these instruments. The Credit Union makes the following instruments available to its members:

- Guarantees and standby letters of credit representing irrevocable assurances that the Credit Union will pay if a member cannot meet their obligations to a third party; and
- Commitments to extend credit representing unused portions of authorizations to extend credit in the form of loans (including lines of credit and credit cards), guarantees or letters of credit.

The amounts shown on the table below do not necessarily represent future cash requirements since many commitments will expire or terminate without being funded.

18. Financial instruments *(Continued from previous page)*

As at year-end, the Credit Union had the following outstanding financial instruments subject to credit risk:

	2024	2023
Unadvanced lines of credit	**221,524**	208,783
Guarantees and standby letters of credit	**2,589**	2,867
Commitments to extend credit	**154,297**	121,846
	378,410	333,496

Inputs, assumptions and techniques

Definition of default and assessments of credit risk

Financial instruments are assessed at each reporting date for a significant increase in credit risk since initial recognition. This assessment considers changes in the risk of a default occurring at the reporting date as compared to the date of initial recognition.

The Credit Union considers member loans receivable to be in default when contractual payments are more than 90 days past due or other objective evidence of impairment exists, such as notification from the borrower or breach of major covenants. This definition is consistent with the definitions used for the Credit Union's internal credit risk management practices and has been selected because it most closely aligns the definition of default to the Credit Union's past credit experience, and the covenants placed in standard borrowing contracts. Relatively few financial instruments subsequently return to performing status after a default has occurred under this definition without further intervention on the part of the Credit Union.

Changes in credit risk are assessed on the basis of the risk that a default will occur over the contractual lifetime of the financial instrument rather than based on changes in the amount of expected credit losses or other factors. In making this assessment the Credit Union takes into account all reasonable and supportable information including forward-looking information, available without undue cost or effort in making this assessment. The Credit Union considers past due information of its balances and information about the borrower available through regular commercial dealings, such as requests for loan modifications.

The credit risk of a financial instrument is deemed to have significantly increased since initial recognition when contractual payments have exceeded 30 days past due, or other information becomes available to management (e.g., through the course of regular credit reviews, communication with the borrower or forecasting processes which consider macroeconomic conditions expected to have a future impact on borrowers). The Credit Union considers there not to have been a significant increase in credit risk despite contractual payments being more than 30 days past due when they have interviewed the borrower and determined that payment is forthcoming.

The Credit Union identifies credit-impaired financial assets through regular reviews of past due balances and credit assessments of its members. Credit-impaired financial assets are typically placed on the Credit Union's watch list based on its internal credit risk policies. In making this assessment, the Credit Union considers past due information of its balances and information about the borrower available through regular commercial dealings.

Measurement of expected credit losses

The Credit Union measures expected credit losses for member loans receivable on a group basis. These assets are grouped on the basis of their shared risk characteristics such as loan type (residential mortgages, commercial loans/mortgages, agricultural loans/mortgages, personal loans, and lines of credit). Otherwise, expected credit losses are measured on an individual basis.

When measuring 12-month and lifetime expected credit losses, the Credit Union utilizes complex modelling, which uses current banking system loan data to assess probability of default, exposure at default, loss given default, and present value calculations. Forward-looking information is incorporated into the determination of expected credit loss by considering regional economic journals and forecasts, collecting information available from regular commercial dealings with its members and other publicly available information and considering the effect such information could have on any assumptions or inputs used in the measurement of expected credit losses, determining significant increases in credit risk or identifying a credit-impaired financial asset.

18. Financial instruments *(Continued from previous page)*

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about 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.

The Credit Union has run a number of simulations on its collective allowance, incorporating assumptions about the resulting macroeconomic impacts of inflation and interest rate changes, based on information and facts available at December 31, 2024. The macroeconomic factors that affect the Credit Union's expected credit loss calculations are: Saskatchewan unemployment rates, Saskatchewan Housing Price Index, changes in real gross domestic product, and three-month Bank of Canada bond/Bankers' Acceptance rates. Each factor is forecasted in a base case, a best case and a worst case scenario. Key factors influencing assumptions of the simulations are economic uncertainties tied to interest rate changes, continued inflationary pressures, the quality of credit, and the borrower's future ability to service debt. In addition, our modelling assumes lower than historical recovery on defaulted loans, higher exposure on utilized lines of credit, and increased volatility in mortgage security values and recoveries.

The typical weighting used in the model is 80% base, 10% best and 10% worst case, as the base case is historically the most likely scenario. The December 31, 2024 modelling is based on these weightings.

Management had to use judgment in several areas to assess if the estimate the model calculated was reasonable or if an overlay was needed to increase or decrease the allowance. Management booked no overlays in either 2023 or 2024.

Write-offs

Financial assets are written off when there is no reasonable expectation of recovery. The Credit Union assesses that there is no reasonable expectation of recovery when the borrower has filed for bankruptcy and the trustee has indicated that no additional funds will be paid. Where information becomes available indicating the Credit Union will receive funds, such amounts are recognized at their fair value.

18. Financial instruments *(Continued from previous page)*

Exposure to credit risk

The following table sets out information about the credit quality of financial assets assessed for impairment under IFRS 9. The amounts in the table, unless otherwise indicated, represent the assets' gross carrying amount.

Except as noted below, the gross carrying amount of financial assets and exposure amount of loan commitments and financial guarantee contracts represents the maximum exposure to credit risk for that class of financial asset.

2024	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Agricultural loans				
Low risk	**27,693**	**-**	**-**	**27,693**
Low-average risk	**28,970**	**1**	**-**	**28,971**
Average risk	**6,046**	**104**	**-**	**6,150**
Average-high risk	**11,088**	**617**	**-**	**11,705**
High risk	**-**	**65**	**-**	**65**
Total gross carrying amount	**73,797**	**787**	**-**	**74,584**
Less: loss allowance	**171**	**23**	**-**	**194**
Total carrying amount	**73,626**	**764**	**-**	**74,390**
Commercial loans				
Low risk	**22,306**	**-**	**-**	**22,306**
Low-average risk	**8,730**	**-**	**3**	**8,733**
Average risk	**1,194**	**-**	**-**	**1,194**
Average-high risk	**2,738**	**1,288**	**-**	**4,026**
High risk	**104**	**79**	**1,195**	**1,378**
Total gross carrying amount	**35,072**	**1,367**	**1,198**	**37,637**
Less: loss allowance	**183**	**42**	**1,195**	**1,420**
Total carrying amount	**34,889**	**1,325**	**3**	**36,217**
Consumer loans				
Low risk	**57,608**	**105**	**-**	**57,713**
Low-average risk	**25,798**	**424**	**1**	**26,223**
Average risk	**4,884**	**723**	**-**	**5,607**
Average-high risk	**1,607**	**1,932**	**-**	**3,539**
High risk	**837**	**4,127**	**151**	**5,115**
Total gross carrying amount	**90,734**	**7,311**	**152**	**98,197**
Less: loss allowance	**362**	**563**	**48**	**973**
Total carrying amount	**90,372**	**6,748**	**104**	**97,224**
Lines of credit				
Low risk	**35,079**	**112**	**-**	**35,191**
Low-average risk	**20,616**	**1,652**	**-**	**22,268**
Average risk	**7,354**	**559**	**-**	**7,913**
Average-high risk	**14,995**	**2,472**	**-**	**17,467**
High risk	**497**	**465**	**11**	**973**
Total gross carrying amount	**78,541**	**5,260**	**11**	**83,812**
Less: loss allowance	**186**	**85**	**-**	**271**
Total carrying amount	**78,355**	**5,175**	**11**	**83,541**

18. Financial instruments *(Continued from previous page)*

Mortgages				
Low risk	**399,989**	**3,427**	**-**	**403,416**
Low-average risk	**313,754**	**6,679**	**134**	**320,567**
Average risk	**174,147**	**4,132**	**417**	**178,696**
Average-high risk	**171,615**	**21,982**	**720**	**194,317**
High risk	**4,940**	**25,415**	**23,006**	**53,361**
Total gross carrying amount	**1,064,445**	**61,635**	**24,277**	**1,150,357**
Less: loss allowance	**1,035**	**814**	**3,256**	**5,105**
Total carrying amount	**1,063,410**	**60,821**	**21,021**	**1,145,252**
TOTAL				
Low risk	**542,675**	**3,644**	**-**	**546,319**
Low-average risk	**397,868**	**8,756**	**138**	**406,762**
Average risk	**193,625**	**5,518**	**417**	**199,560**
Average-high risk	**202,043**	**28,291**	**720**	**231,054**
High risk	**6,378**	**30,151**	**24,363**	**60,892**
Total gross carrying amount	**1,342,589**	**76,360**	**25,638**	**1,444,587**
Less: loss allowance	**1,937**	**1,527**	**4,499**	**7,963**
Total carrying amount	**1,340,652**	**74,833**	**21,139**	**1,436,624**

	2023			
	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Agricultural loans				
Low risk	25,415	-	-	25,415
Low-average risk	24,813	16	-	24,829
Average risk	3,550	5	-	3,555
Average-high risk	12,009	737	-	12,746
High risk	160	262	-	422
Total gross carrying amount	65,947	1,020	-	66,967
Less: loss allowance	90	22	-	112
Total carrying amount	65,857	998	-	66,855
Commercial loans				
Low risk	20,184	-	-	20,184
Low-average risk	6,541	4	-	6,545
Average risk	1,922	-	-	1,922
Average-high risk	4,220	1,464	-	5,684
High risk	1,668	952	1,196	3,816
Total gross carrying amount	34,535	2,420	1,196	38,151
Less: loss allowance	260	124	1,136	1,520
Total carrying amount	34,275	2,296	60	36,631

18. Financial instruments *(Continued from previous page)*

Consumer loans				
Low risk	54,588	211	8	54,807
Low-average risk	25,601	444	1	26,046
Average risk	4,895	562	-	5,457
Average-high risk	1,766	1,333	-	3,099
High risk	738	4,831	110	5,679
Total gross carrying amount	87,588	7,381	119	95,088
Less: loss allowance	277	437	39	753
Total carrying amount	87,311	6,944	80	94,335
Lines of credit				
Low risk	31,065	15	-	31,080
Low-average risk	17,264	2,090	-	19,354
Average risk	12,686	496	219	13,401
Average-high risk	16,002	2,807	-	18,809
High risk	235	912	-	1,147
Total gross carrying amount	77,252	6,320	219	83,791
Less: loss allowance	129	117	-	246
Total carrying amount	77,123	6,203	219	83,545
Mortgages				
Low risk	353,308	1,095	-	354,403
Low-average risk	230,211	2,513	154	232,878
Average risk	232,711	1,790	1,213	235,714
Average-high risk	106,534	22,412	1,641	130,587
High risk	5,279	25,687	24,244	55,210
Total gross carrying amount	928,043	53,497	27,252	1,008,792
Less: loss allowance	672	946	4,663	6,281
Total carrying amount	927,371	52,551	22,589	1,002,511
TOTAL				
Low risk	484,560	1,321	8	485,889
Low-average risk	304,430	5,067	155	309,652
Average risk	255,764	2,853	1,432	260,049
Average-high risk	140,531	28,753	1,641	170,925
High risk	8,080	32,644	25,550	66,274
Total gross carrying amount	1,193,365	70,638	28,786	1,292,789
Less: loss allowance	1,428	1,646	5,838	8,912
Total carrying amount	1,191,937	68,992	22,948	1,283,877

The gross carrying amount of individual financial assets for which 12-month or lifetime expected credit losses were recognized and for which the Credit Union was unable to allocate to credit risk rating grades as at December 31, 2024 was $271,578 (2023 – $206,669) relating to leases, participation loan pools and loan commitments.

18. Financial instruments *(Continued from previous page)*

Concentrations of credit risk

Concentration of credit risk exists if a number of borrowers are exposed to similar economic risks by being engaged in similar economic activities or being located in the same geographical region, and indicate the relative sensitivity of the Credit Union's performance to developments affecting a particular segment of borrowers or geographical region. Geographical risk exists for the Credit Union due to its primary service area being Yorkton, Saskatchewan and surrounding areas.

Amounts arising from expected credit losses

Reconciliation of the loss allowance

The following tables show a reconciliation of the opening to the closing balance of the loss allowance by class of financial instrument.

	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Agricultural loans				
Balance at January 1, 2023	140	62	-	202
Transfer to 12-month ECL	12	(12)	-	-
Transfer to lifetime ECL (not credit impaired)	(1)	1	-	-
Transfer to lifetime ECL (credit impaired)	-	-	-	-
Net remeasurement of loss allowance	(69)	(27)	256	160
New financial assets originated or purchased	28	-	-	28
Derecognized financial assets	(20)	(2)	-	(22)
Write-offs	-	-	(256)	(256)
Balance at December 31, 2023	90	22	-	112
Transfer to 12-month ECL	2	(2)	-	-
Transfer to lifetime ECL (not credit impaired)	(1)	1	-	-
Transfer to lifetime ECL (credit impaired)	-	-	-	-
Net remeasurement of loss allowance	33	(3)	-	30
New financial assets originated or purchased	69	13	-	82
Derecognized financial assets	(22)	(8)	-	(30)
Write-offs	-	-	-	-
Balance at December 31, 2024	171	23	-	194
Commercial loans				
Balance at January 1, 2023	144	300	1,395	1,839
Transfer to 12-month ECL	5	-	(5)	-
Transfer to lifetime ECL (not credit impaired)	(1)	1	-	-
Transfer to lifetime ECL (credit impaired)	-	-	-	-
Net remeasurement of loss allowance	12	(177)	(254)	(419)
New financial assets originated or purchased	116	-	-	116
Derecognized financial assets	(16)	-	-	(16)
Write-offs	-	-	-	-
Balance at December 31, 2023	260	124	1,136	1,520
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL (not credit impaired)	(1)	1	-	-
Transfer to lifetime ECL (credit impaired)	-	-	-	-
Net remeasurement of loss allowance	(217)	(84)	61	(240)
New financial assets originated or purchased	144	1	-	145
Derecognized financial assets	(3)	-	-	(3)
Write-offs	-	-	(2)	(2)
Balance at December 31, 2024	183	42	1,195	1,420

18. Financial instruments *(Continued from previous page)*

	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Consumer loans				
Balance at January 1, 2023	**312**	**310**	**7**	**629**
Transfer to 12-month ECL	**125**	**(125)**	**-**	**-**
Transfer to lifetime ECL (not credit impaired)	**(52)**	**52**	**-**	**-**
Transfer to lifetime ECL (credit impaired)	**-**	**(1)**	**1**	**-**
Net remeasurement of loss allowance	**(191)**	**137**	**201**	**147**
New financial assets originated or purchased	**122**	**82**	**9**	**213**
Derecognized financial assets	**(39)**	**(18)**	**-**	**(57)**
Write-offs	**-**	**-**	**(179)**	**(179)**
Balance at December 31, 2023	**277**	**437**	**39**	**753**
Transfer to 12-month ECL	**85**	**(85)**	**-**	**-**
Transfer to lifetime ECL (not credit impaired)	**(18)**	**18**	**-**	**-**
Transfer to lifetime ECL (credit impaired)	**-**	**(3)**	**3**	**-**
Net remeasurement of loss allowance	**(104)**	**162**	**217**	**275**
New financial assets originated or purchased	**157**	**89**	**-**	**246**
Derecognized financial assets	**(35)**	**(55)**	**-**	**(90)**
Write-offs	**-**	**-**	**(211)**	**(211)**
Balance at December 31, 2024	**362**	**563**	**48**	**973**
Line of credit				
Balance at January 1, 2023	**175**	**146**	**-**	**321**
Transfer to 12-month ECL	**23**	**(23)**	**-**	**-**
Transfer to lifetime ECL (not credit impaired)	**(6)**	**6**	**-**	**-**
Transfer to lifetime ECL (credit impaired)	**-**	**-**	**-**	**-**
Net remeasurement of loss allowance	**(53)**	**27**	**47**	**21**
New financial assets originated or purchased	**7**	**6**	**-**	**13**
Derecognized financial assets	**(17)**	**(45)**	**-**	**(62)**
Write-offs	**-**	**-**	**(47)**	**(47)**
Balance at December 31, 2023	**129**	**117**	**-**	**246**
Transfer to 12-month ECL	**14**	**(14)**	**-**	**-**
Transfer to lifetime ECL (not credit impaired)	**(4)**	**4**	**-**	**-**
Transfer to lifetime ECL (credit impaired)	**-**	**-**	**-**	**-**
Net remeasurement of loss allowance	**48**	**(6)**	**63**	**105**
New financial assets originated or purchased	**15**	**3**	**-**	**18**
Derecognized financial assets	**(16)**	**(19)**	**-**	**(35)**
Write-offs	**-**	**-**	**(63)**	**(63)**
Balance at December 31, 2024	**186**	**85**	**-**	**271**

18. Financial instruments *(Continued from previous page)*

	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*	*Total*
Mortgages				
Balance at January 1, 2023	**866**	**1,812**	**8,264**	**10,942**
Transfer to 12-month ECL	**155**	**(155)**	**-**	**-**
Transfer to lifetime ECL (not credit impaired)	**(38)**	**38**	**-**	**-**
Transfer to lifetime ECL (credit impaired)	**(1)**	**(918)**	**919**	**-**
Net remeasurement of loss allowance	**(377)**	**215**	**3,797**	**3,635**
New financial assets originated or purchased	**157**	**14**	**-**	**171**
Derecognized financial assets	**(90)**	**(60)**	**-**	**(150)**
Write-offs	**-**	**-**	**(8,317)**	**(8,317)**
Balance at December 31, 2023	**672**	**946**	**4,663**	**6,281**
Transfer to 12-month ECL	**109**	**(109)**	**-**	**-**
Transfer to lifetime ECL (not credit impaired)	**(76)**	**76**	**-**	**-**
Transfer to lifetime ECL (credit impaired)	**(1)**	**(2)**	**3**	**-**
Net remeasurement of loss allowance	**(10)**	**54**	**1,076**	**1,120**
New financial assets originated or purchased	**409**	**6**	**-**	**415**
Derecognized financial assets	**(68)**	**(157)**	**-**	**(225)**
Write-offs	**-**	**-**	**(2,486)**	**(2,486)**
Balance at December 31, 2024	**1,035**	**814**	**3,256**	**5,105**

Changes in the gross carrying amount of financial instruments

The following tables explain how significant changes in the gross carrying amount of financial instruments during the year contributed to changes in the loss allowance.

		2024	
	12-month ECL	*Lifetime ECL (not credit impaired)*	*Lifetime ECL (credit impaired)*
Agricultural loans			
New financial assets originated or purchased	**69**	**13**	**-**
Derecognized financial assets	**(22)**	**(8)**	**-**
Write-offs	**-**	**-**	**-**
Commercial loans			
New financial assets originated or purchased	**144**	**1**	**-**
Derecognized financial assets	**(3)**	**-**	**-**
Write-offs	**-**	**-**	**(2)**
Consumer loans			
New financial assets originated or purchased	**157**	**89**	**-**
Derecognized financial assets	**(35)**	**(55)**	**-**
Write-offs	**-**	**-**	**(211)**
Line of credit			
New financial assets originated or purchased	**15**	**3**	**-**
Derecognized financial assets	**(16)**	**(19)**	**-**
Write-offs	**-**	**-**	**(63)**
Mortgages			
New financial assets originated or purchased	**409**	**6**	**-**
Derecognized financial assets	**(68)**	**(157)**	**-**
Write-offs	**-**	**-**	**(2,486)**

18. Financial instruments *(Continued from previous page)*

2023	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)
Agricultural loans			
New financial assets originated or purchased	28	-	-
Derecognized financial assets	(20)	(2)	-
Write-offs	-	-	(256)
Commercial loans			
New financial assets originated or purchased	116	-	-
Derecognized financial assets	(16)	-	-
Write-offs	-	-	-
Consumer loans			
New financial assets originated or purchased	122	82	9
Derecognized financial assets	(39)	(18)	-
Write-offs	-	-	(179)
Line of credit			
New financial assets originated or purchased	7	6	-
Derecognized financial assets	(17)	(45)	-
Write-offs	-	-	(47)
Mortgages			
New financial assets originated or purchased	157	14	-
Derecognized financial assets	(90)	(60)	-
Write-offs	-	-	(8,317)

Financial instruments for which the impairment requirements of IFRS 9 do not apply

The carrying amount of SaskCentral and Concentra Bank shares, as disclosed in Note 5, best represents the Credit Union’s maximum exposure to credit risk for those items. The Credit Union holds no collateral or other credit enhancements on these balances.

As at December 31, 2024, the Credit Union held property with a carrying amount of $641 (2023 - $nil), which was obtained during the year by taking possession of collateral held as security on loans and mortgages.

Market risk

Market risk is the risk of loss in value of financial instruments that may arise from changes in market factors such as interest rates, equity prices and credit spreads. The Credit Union's exposure changes depending on market conditions. Market risks that have a significant impact on the Credit Union include fair value risk and interest rate risk.

Market risk arises from changes in interest rates that affect the Credit Union's net interest income. Exposure to this risk directly impacts the Credit Union's income from its loan and deposit portfolios. The Credit Union's objective is to earn an acceptable net return on these portfolios, without taking unreasonable risk, while meeting member needs.

Risk measurement

The Credit Union's risk position is measured and monitored each quarter to ensure compliance with policy. Management provides quarterly reports on these matters to the Credit Union's Board of Directors.

Objectives, policies and processes

Management is responsible for managing the Credit Union's interest rate risk, monitoring approved limits and compliance with policies. The Credit Union manages market risk by developing and implementing asset and liability management policies, which are approved and periodically reviewed by the Board of Directors.

The Credit Union's goal is to achieve adequate levels of profitability, liquidity and safety. The Board of Directors reviews the Credit Union's investment and asset liability management policies periodically to ensure they remain relevant and effective in managing and controlling risk.

18. Financial instruments *(Continued from previous page)*

Interest rate risk

Interest rate risk is the sensitivity of the Credit Union's financial condition to movements in interest rates. Cash flow interest rate risk is the risk that the future cash flows of the Credit Union’s financial instruments will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in prevailing market interest rates. Interest margins reported in comprehensive income may increase or decrease in response to changes in market interest rates. The Credit Union incurs interest rate risk on its loans and other interest bearing financial instruments.

In managing interest rate risk, the Credit Union relies primarily upon use of asset - liability and interest rate sensitivity simulation models, which is monitored by the Credit Union’s finance department and reported to the Asset and Liability Committee ("ALCO") which is responsible for managing interest rate risk. Periodically, the Credit Union may enter into interest rate swaps to adjust the exposure to interest rate risk by modifying the repricing of the Credit Union’s financial instruments.

Sensitivity analysis is used to assess the change in value of the Credit Union’s financial instruments against a range of incremental basis point changes in interest rates over a twelve month period. Interest rate shock analysis is calculated in a similar manner to sensitivity analysis but involves a more significant change of 100 basis points in interest rates. Sensitivity analysis and interest rate shock analysis are calculated on a quarterly basis and are reported to the ALCO.

Based on current differences between financial assets and financial liabilities as at year-end, the Credit Union estimates that an immediate and sustained 100 basis point increase in interest rates would increase (2023 - increase) net interest margin by $1,457 (2023 - $1,385) over the next 12 months while an immediate and sustained 100 basis point decrease in interest rates would decrease (2023 - decrease) net interest margin by $1,424 (2023 - $2,188) over the next 12 months.

Other types of interest rate risk are basis risk (the risk of loss arising from changes in the relationship of interest rates which have similar but not identical characteristics; for example, the difference between prime rates and the Canadian Deposit Offering Rate) and prepayment risk (the risk of loss of interest income arising from the early repayment of fixed rate mortgages and loans), both of which are monitored on a regular basis and are reported to the ALCO.

The Credit Union's major source of income is financial margin which is the difference between interest earned on investments and loans to members and interest paid to members on their deposits. The objective of managing the financial margin is to match repricing or maturity dates of loans and investments and member deposits within policy limits. These limits are intended to limit the Credit Union's exposure to changing interest rates and to wide fluctuations of income during periods of changing interest rates. The differential represents the net mismatch between loans and investments and member deposits for those particular maturity dates. Certain items on the consolidated statement of financial position, such as non-interest bearing member deposits and equity do not provide interest rate exposure to the Credit Union. These items are reported as non-interest rate sensitive in the table below.

Amounts with variable interest rates, or due on demand, are classified as on demand.

A significant amount of member loans receivable and member deposits can be settled before maturity on payment of a penalty. No adjustment has been made for repayments that may occur prior to maturity.

Interest rate sensitivity

In the table below, the carrying amounts of financial instruments are presented in the periods in which they next reprice to market rates or mature and are summed to show the net interest rate sensitivity gap.

Contractual repricing and maturity

All financial instruments are reported in the schedule below based on the earlier of their contractual repricing date or maturity date. The schedule below does not identify management's expectations of future events where repricing and maturity dates differ from contractual dates.

18. Financial instruments *(Continued from previous page)*

	On demand	*Within 3 months*	*Over 3 months to 1 year*	*Over 1 year to 5 years*	*Over 5 years*	*Non-interest Sensitive*	*2024 Total*	*2023 Total*
Assets								
Cash and cash equivalents	116,142	-	-	-	-	13,161	**129,303**	105,134
Average yield %	*3.57*	-	-	-	-	-	*3.20*	*4.21*
Investments	-	74,781	166,298	144,965	14,263	8,187	**408,494**	491,300
Average yield %	-	*4.10*	*3.75*	*3.71*	*3.16*	-	*3.70*	*3.33*
Member loans receivable	311,946	101,264	242,827	870,230	32,726	8,090	**1,567,083**	1,391,502
Average yield %	*6.91*	*5.52*	*5.15*	*5.02*	*6.06*	-	*5.45*	*5.38*
Accounts receivable	-	-	-	-	-	171	**171**	475
Interest rate swap derivative	-	-	-	-	-	-	**-**	88
Index linked derivatives	-	-	-	-	-	1,489	**1,489**	1,249
	428,088	**176,045**	**409,125**	**1,015,195**	**46,989**	**31,098**	**2,106,540**	1,989,748
Liabilities								
Member deposits	598,858	225,255	414,122	267,727	-	411,246	**1,917,208**	1,813,537
Average yield %	*1.36*	*4.50*	*4.12*	*4.25*	-	-	*2.44*	*2.62*
Membership shares	-	-	-	-	-	141	**141**	145
Accounts payable	-	-	-	-	-	5,381	**5,381**	7,498
Index linked derivatives	-	-	-	-	-	1,489	**1,489**	1,249
	598,858	**225,255**	**414,122**	**267,727**	**-**	**418,257**	**1,924,219**	1,822,429
Net sensitivity	**(170,770)**	**(49,210)**	**(4,997)**	**747,468**	**46,989**	**(387,159)**	**182,321**	167,319

18. Financial instruments *(Continued from previous page)*

Liquidity risk

Liquidity risk is the risk that the Credit Union cannot meet a demand for cash or fund its obligations as they come due. The Credit Union's management oversees the Credit Union's liquidity risk to ensure the Credit Union has access to enough readily available funds to cover its financial obligations as they come due. The Credit Union's business requires such liquidity for operating and regulatory purposes. Refer to Note 17 for further information about the Credit Union's regulatory requirements.

Liquidity risk is managed through a three tiered structure consisting of the local Credit Union level, the provincial Credit Union level and the national Credit Union level.

Locally, the Credit Union manages its liquidity position from three perspectives:
- Structural liquidity risk, which addresses the risk due to mismatches in effective maturities between assets and liabilities, more specifically the risk of over reliance on short-term liabilities to fund long-term illiquid assets;
- Tactical liquidity risk, which addresses the day-to-day funding requirements that are managed by imposing prudential limits on net fund outflows; and
- Contingent liquidity risk, which assess the impact of sudden stressful events and the Credit Union’s responses thereto.

The primary liquidity risk policies and procedures include the following:
- Liquidity risk management framework to measure and control liquidity risk exposure;
- Measurement of cashflows;
- Maintenance of a line of credit and borrowing facility with SaskCentral and others;
- Maintenance of a pool of high quality liquid assets;
- Monitoring of single deposits and sources of deposits;
- Monitoring of term deposits; and
- Contingency planning.

Provincially, SaskCentral manages a statutory liquidity pool of marketable investment securities on behalf of Saskatchewan Credit Unions to facilitate clearing and settlement, daily cash flow management and emergency liquidity support. Nationally, credit union centrals are represented by one central which acts as the Group Clearer, Central 1 Credit Union. The Group Clearer is a member of the Canadian Payments Association and pools provincial cash flows to settle with the Bank of Canada.

The following table details contractual maturities of financial liabilities:

As at December 31, 2024:

	< 1 year	1-2 years	> 2 years	Total
Member deposits	**1,672,973**	**132,175**	**170,612**	**1,975,760**
Issued financial guarantee contracts	**49,762**	**400**	**73**	**50,235**
Accounts payable	**5,381**	**-**	**-**	**5,381**
Index linked derivatives	**682**	**431**	**376**	**1,489**
Membership shares	**-**	**-**	**141**	**141**
Total	**1,728,798**	**133,006**	**171,202**	**2,033,006**

18. Financial instruments *(Continued from previous page)*

As at December 31, 2023:

	< 1 year	**1-2 years**	**> 2 years**	**Total**
Member deposits	1,561,941	139,516	139,881	1,841,338
Issued financial guarantee contracts	42,380	1,322	90	43,792
Accounts payable	7,498	-	-	7,498
Index linked derivatives	249	556	444	1,249
Membership shares	-	-	145	145
Total	1,612,068	141,394	140,560	1,894,022

The Credit Union manages liquidity risk on a net asset and liability basis. The following tables explain the contractual maturities of financial assets held for the purpose of managing liquidity risk.

As at December 31, 2024:

	< 1 year	**1-2 years**	**> 2 years**	**Total**
Cash and cash equivalents	**129,303**	**-**	**-**	**129,303**
Investments	**258,883**	**87,822**	**75,584**	**422,289**
Member loans receivable	**717,801**	**307,978**	**688,762**	**1,714,541**
Issued financial guarantee contracts	**2,489**	**2,489**	**52,216**	**57,194**
Accounts receivable	**171**	**-**	**-**	**171**
Index linked derivatives	**682**	**431**	**376**	**1,489**
Total	**1,109,329**	**398,720**	**816,938**	**2,324,987**

As at December 31, 2023:

	< 1 year	1-2 years	> 2 years	Total
Cash and cash equivalents	105,134	-	-	105,134
Investments	279,025	114,823	115,755	509,603
Member loans receivable	666,589	251,841	586,992	1,505,422
Issued financial guarantee contracts	2,123	2,123	44,844	49,090
Accounts receivable	475	-	-	475
Interest rate swap derivative	85	-	-	85
Index linked derivatives	249	556	444	1,249
Total	1,053,680	369,343	748,035	2,171,058

The above tables were prepared using undiscounted contractual maturities of financial assets including interest that will be earned on these amounts.

19. Fair value measurements

The Credit Union classifies fair value measurements recognized in the consolidated statement of financial position using a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for which there is little or no market data and which require the Credit Union to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is assessed to be significant to that fair value measurement. This assessment requires the use of judgment in considering factors specific to an asset or a liability and may affect the placement of the fair value measurement within the hierarchy.

The Credit Union considers a fair value measurement to have transferred between the levels in the fair value hierarchy on the beginning of the reporting period, the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2, as well as no transfers into or out of Level 3 during the period.

In determining fair value measurements, the Credit Union uses the net present value valuation techniques and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.

Financial assets and financial liabilities measured at fair value

The Credit Union's financial assets and financial liabilities measured at fair value in the consolidated statement of financial position on a recurring basis have been categorized into the fair value hierarchy as follows:

				2024
	Fair value	***Level 1***	***Level 2***	***Level 3***
Financial assets				
Cash	**62,232**	**62,232**	**-**	**-**
Other equity investments	**13,973**	**-**	**13,973**	**-**
SaskCentral and Concentra Bank shares	**4,826**	**-**	**-**	**4,826**
Index linked derivatives	**1,489**	**-**	**1,489**	**-**
Total financial assets	**82,520**	**62,232**	**15,462**	**4,826**
Financial liabilities				
Index linked derivatives	**1,489**	**-**	**1,489**	**-**
Total financial liabilities	**1,489**	**-**	**1,489**	**-**

				2023
	Fair value	*Level 1*	*Level 2*	*Level 3*
Financial assets				
Cash	61,493	61,493	-	-
Other equity investments	14,677	-	14,677	-
SaskCentral and Concentra Bank shares	8,597	-	-	8,597
Index linked derivatives	1,249	-	1,249	-
Interest rate swap derivative	88	-	88	-
Total financial assets	86,104	61,493	16,014	8,597
Financial liabilities				
Index linked derivatives	1,249	-	1,249	-
Total financial liabilities	1,249	-	1,249	-

19. Fair value measurements *(Continued from previous page)*

All recurring Level 2 fair value measurements use a net present value valuation technique and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.

For fair value measurements of Level 3 SaskCentral and Concentra Bank shares, the Credit Union has assumed that the fair value of the amounts is comparable to their amortized cost, which equals the par value of the shares. The shares are not quoted or traded, however when new shares are offered the price remains the same as the par value of all currently available shares. There was no impact of the measurement on profit or loss for the year.

Financial instruments not measured at fair value

The carrying amount, fair value, and categorization into the fair value hierarchy of all other financial assets and financial liabilities held by the Credit Union and not measured at fair value on the consolidated statement of financial position are as follows:

					2024
	Carrying amount	***Fair value***	***Level 1***	***Level 2***	***Level 3***
Financial assets measured at amortized cost					
Cash equivalents	**67,071**	**67,071**	**67,071**	**-**	**-**
Investments	**389,695**	**389,936**	**-**	**389,936**	**-**
Member loans receivable	**1,567,083**	**1,607,756**	**-**	**1,607,756**	**-**
Accounts receivable	**171**	**171**	**-**	**171**	**-**
Total financial assets	**2,024,020**	**2,064,934**	**67,071**	**1,997,863**	**-**
Financial liabilities measured at amortized cost					
Member deposits	**1,917,208**	**1,921,093**	**-**	**1,921,093**	**-**
Accounts payable	**5,381**	**5,381**	**-**	**5,381**	**-**
Membership shares	**141**	**141**	**-**	**-**	**141**
Total financial liabilities	**1,922,730**	**1,926,615**	**-**	**1,926,474**	**141**

					2023
	Carrying amount	*Fair value*	*Level 1*	*Level 2*	*Level 3*
Financial assets measured at amortized cost					
Cash equivalents	43,641	43,641	43,641	-	-
Investments	468,026	463,963	-	463,963	-
Member loans receivable	1,391,502	1,353,280	-	1,353,280	-
Accounts receivable	475	475	-	475	-
Total financial assets	1,903,644	1,861,359	43,641	1,817,718	-
Financial liabilities measured at amortized cost					
Member deposits	1,813,537	1,816,506	-	1,816,506	-
Accounts payable	7,498	7,498	-	7,498	-
Membership shares	145	145	-	-	145
Total financial liabilities	1,821,180	1,824,149	-	1,824,004	145

19. Fair value measurements *(Continued from previous page)*

Level 2 and Level 3 fair value measurements for financial instruments not measured at fair value

Valuation techniques and inputs for Level 2 and Level 3 fair value measurements are as follows:

- All Level 2 fair value measurements use a net present value valuation technique and inputs consisting of actual balances, actual rates, market rates (for similar instruments) and payment frequency.
- As there is no observable market data for all fair values disclosed and categorized within Level 3 of the hierarchy, the Credit Union has assumed that the fair value of the amounts is comparable to their amortized cost.

20. Commitments

The amounts shown on the table below do not necessarily represent future cash requirements since many commitments will expire or terminate without being funded. As at December 31, 2024, the Credit Union had the following other commitments subject to credit risk:

	2024	*2023*
Venture Capital cash calls		
APEX III Investment Fund	**-**	224
APEX IV Investment Fund	**873**	890
Conexus Venture Capital Fund I	**47**	47
Conexus Venture Capital Fund II	**1,000**	-
Emmertech Fund	**175**	225
	2,095	1,386