ANNUAL REPORT 2021

TCU financial group

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Vision, Mission & Values

Message from Board of Directors' Chair and Chief Executive Officer

We are pleased to share some of TCU Financial Group Credit Union highlights from 2021 through the information provided in this 2021 Annual Report.

On behalf of the Board and the entire TCU Financial Group, we want to express our gratitude to you - our valued members. Over the last two years, we have experienced the challenges of the pandemic and its effect on our lives. Our Board and Management want to express appreciation to our members and staff for adapting and adjusting to the safety measures we have had in place at our locations — including, social distancing, plexi-glass barriers, masks, increased cleaning protocols, increased usage of online banking, video meetings, and phone calls. The committed efforts of our members to adapt and change have allowed us to keep our locations open — to safely welcome and serve you.

In 2021, TCU Financial Group like most financial institutions, faced challenging economic conditions due to the pandemic, low interest rates and rising costs. Through prudent cost management your credit union ended the year with a net income greater than budgeted. We maintained our position as the 7th largest credit union in Saskatchewan with assets of $745 million on the credit union side and another $317 million of assets under administration on the wealth management side. As we go forward, we continue to commit to making decisions in the best interest of our member-owners, our staff and our community.

Reflecting over the last many years, we've seen a lot of change in our communities and in the world. This means organizations need to keep moving forward and stay relevant for the people in the communities that they serve. As we enter our 70th year serving the people of Saskatchewan, we're investing in our members, our credit union, and in the community. We are ensuring that the digital and technological needs of our members are met by making changes now and in the future to benefit them. Our staff are working hard behind the scenes right now to deliver a new modern digital banking experience that will launch in March 2022 that will enhance our members' experience now and in the future.

At TCU Financial Group we've always been about connecting with people and meeting our members' needs along their unique life journeys. Even more than ever, we've seen the importance of being present locally to not only serve members and our small businesses, but to know what it's like to be one alongside them; relate to them; share our connections and resources with them. The transformation ongoing at TCU Financial Group will be manifested physically in the updates to our banking technology, mobile app and website, and also culturally in how we adapt our services to create a holistic experience for people and business members.

We are very privileged at TCU Financial Group to have an unbelievable team of skilled and dedicated staff who are committed to benefiting our members. We view every one of our staff as part of our team, each having an integral role in making TCU Financial Group a success. We are committed to having empowered, knowledgeable employees that deliver the competitive products and services to our members. We have also made a commitment to ensure that TCU Financial Group is a great place to work and that we provide an appropriate work/life balance for our staff. We want to thank the staff for their commitment, support, effort and contribution to TCU Financial Group's success.

TCU Financial Group has ten professional and knowledgeable Board of Directors who play a critical role in ensuring the credit union remains relevant and strong. They are responsible for providing strategic direction and high-level oversight of operations. We would like to thank the Board for their continued commitment and dedication to our credit union and the cooperative sector.

As we enter 2022, the Board, Management and all of our staff wish to reaffirm our commitment to you our members. We are all responsible for the outcomes of our members, our community, and each other.

Thank you for your commitment and dedication to TCU Financial Group.

Respectfully yours,

Stephanie Mansfield	Greg Peacock
Chair – Board of Directors	Chief Executive Officer

Stephanie Mansfield - Chair
Board Member since 2013

Tracie Risling - Vice Chair
Board Member since 2019

Brendan Bitz
Board Member since 2013

Nicole Cox
Board Member since 2019

Donald Hobday
Board Member since 2021

Board of Directors

Our Board of Directors is committed to maintaining focus on the members, the communities we serve and the financial sustainability of TCU Financial Group Credit Union.

Learn more about our directors by visiting tcufinancialgroup.com

Tony Linner
Board Member since 2006

Darcy McLean
Board Member since 2008

Angela Prokop
Board Member since 2020

Steve Tunison
Board Member since 2013

Patricia Warwick
Board Member since 2021

Corporate Governance

As a financial co-operative, TCU Financial Group is governed by a Board of Directors which is comprised of ten Directors, all of whom are independent. The functions of the Board include the sanctioning of strategic business plans, corporate mission, vision, values and guiding principles; monitoring corporate performance against strategic business plans; overseeing the operations; ensuring compliance with laws and regulations; keeping members informed regarding plans, strategies and performance of the Credit Union; performance management and compensation of the CEO; and other related matters as they may arise.

During 2021, the Board of Directors held five regular meetings and five other meetings.

The Board of Directors has also formed seven committees to assist with the governance process.

Audit Committee – The purpose of this committee is to provide independent oversight of the credit union's operations and to ensure the accuracy, integrity, security, prudence and legality of its financial transactions and records. During 2021, the Audit Committee was comprised of four directors and met seven times.

Risk Committee – The purpose of this committee is to ensure a strong enterprise risk management framework exists. This framework provides reasonable assurance that strategic, operational, financial and regulatory objectives are achieved. The committee oversees the identification, measurement and development of strategies to manage those risks. The committee also oversees the compliance with legal and regulatory requirements. During 2021, the Risk Committee was comprised of four directors and met four times.

Governance & Human Resources Committee – The purpose of this committee is to ensure an appropriate governance structure is in place, to oversee the election process of the Board of Directors, the Board evaluation and development process, along with human resources. This includes the compensation philosophy and culture of the organization. Additionally, this committee works closely with the executive management to formulate policies and practices to meet the needs of our members, staff and the corporate entity. During 2021, the Governance & Human Resources Committee was comprised of four directors and met six times.

Conduct Review Committee – The purpose of this committee is to ensure the integrity and objectivity of its Directors, Officers and Employees. This committee monitors and reviews related party transactions with the credit union to ensure they are fair to the credit union and that best judgment is exercised in all matters or related party relationships as a result of real or perceived conflict of interest. This committee is comprised of the same members as the Audit Committee. During 2021, the Conduct Review Committee did not meet.

Executive Committee – The purpose of this committee is to act in the capacity of, and on behalf of, the Board of Directors between regular or special Board meetings on all Board matters except those which the Board may not, in compliance with legislative requirements, delegate. Additionally, this committee sets the Board of Director's regular meeting and planning meeting agendas. The Executive Committee consists of the Chair and Vice Chair of the Board of Directors and the Chief Executive Officer. During 2021, this committee met seven times.

CEO Compensation & Performance Evaluation Committee – The purpose of this committee is to ensure that a fair, equitable and competitive compensation program is provided for the CEO. Additionally, this committee conducts the CEO performance evaluation process and sets the performance plan for the following year. The CEO Compensation & Performance Evaluation Committee consists of five members of the Board of Directors which are the Chair, Vice Chair, Chair of the Audit Committee, Chair of the Risk Committee and Chair of the Governance & Human Resources Committee. During 2021, this committee met four times.

Business Transformation Committee – The purpose of this committee is to provide close oversight and control of the credit union's delivery on its strategy, monitoring of the plans and progress and to provide insights, perspectives and suggestions to the executive sponsor of the overall strategy program. During 2021, the Business Transformation Committee was comprised of four directors and met four times.

Executive Management

The Executive Management team is responsible to oversee the operation of the credit union and its subsidiary as directed through the strategic plan and policies approved by the Board of Directors. Additionally, Executive Management is responsible for developing processes that identify measures, and monitor and control risks. TCU Financial Group has an extensive Enterprise Risk Management process and reports risk management performance to the Board through the Risk Committee.

The Executive Management team consists of the following:

Greg Peacock – Chief Executive Officer
Jason Bazinet – Chief Financial Officer
Robb Elchuk – Chief Risk Officer
Kathy Styranko – Chief Operating Officer

Meeting Attendance

2021 Board & Board Committee Meeting Attendance January 1 - December 31, 2021									
Board of Directors	**Board Meeting**	**Executive Committee**	**Audit Committee**	**Business Transformation Committee**	**CEO Compensation & Performance Evaluation Committee**	**Conduct Review Committee**	**Governance & Human Resources Committee**	**Risk Committee**	**Other**
Stephanie Mansfield Chair	5 of 5	7 of 7	7 of 7	3 of 3	4 of 4	-	3 of 3	-	4 of 5
Tracie Risling Vice Chair (Apr-Dec 2021)	5 of 5	6 of 6	-	4 of 4	4 of 4	-	3 of 3	-	4 of 5
Brendan Bitz	5 of 5	-	5 of 5	-	-	-	-	3 of 3	7 of 7[3]
Nicole Cox	5 of 5	-	7 of 7	3 of 3	-	-	3 of 3	-	4 of 5
Donald Hobday[2]	4 of 4	-	-	-	-	-	3 of 3	-	5 of 5
Tony Linner Vice Chair (Jan-Apr 2021)	5 of 5	1 of 1	-	1 of 1	4 of 4	-	-	4 of 4	5 of 5
Reagan Lowe[1]	1 of 1	-	-	-	-	-	-	1 of 1	-
Darcy McLean	5 of 5	-	2 of 2	1 of 1	4 of 4	-	3 of 3	2 of 3	4 of 5
Angela Prokop	5 of 5	-	7 of 7	-	2 of 3	-	6 of 6	-	5 of 5
Steve Tunison	5 of 5	-	-	4 of 4	1 of 1	-	-	4 of 4	4 of 5
Earl Warwick[1]	1 of 1	-	-	-	-	-	-	1 of 1	-
Patricia Warwick[2]	2 of 4	-	-	-	-	-	3 of 3		5 of 5

[1] term ended
[2] term started
[3] Includes Corporate Social Responsibility Committee – 2 meetings (not a committee of the Board)

Other includes:

- AGM
- Re-organization Meeting
- Special Board Meetings

Note: Our Committee structure changed after the re-organization meeting in April. Any variances seen in committee attendance are due to the changes.

Delegate Remuneration

2021 Board Honorariums, Per Diems, Travel/Other & Learning/Development					
Board of Directors	**Honorarium**	**Per Diems**	**Travel/Other**	**Learning & Development**	**Total**
Stephanie Mansfield Chair	$7,200	$10,500	-	$1,027.77	$18,727.77
Tracie Risling Vice Chair (Apr-Dec 2021)	$2,800	$7,710	-	$1,317.00	$11,827.00
Brendan Bitz	$1,200	$5,160	-	-	$6,360.00
Nicole Cox	$1,200	$7,910	-	$2,873.00	$11,983.00
Donald Hobday[2]	$800	$3,800	-	$1,034.00	$5,634.00
Tony Linner Vice Chair (Jan-Apr 2021)	$2,000	$6,230	-	$599.00	$8,829.00
Reagan Lowe[1]	$400	$640	-	-	$1,040.00
Darcy McLean	$1,200	$5,820	-	-	$7,020.00
Angela Prokop	$1,200	$7,630	-	$2,394.00	$11,224.00
Steve Tunison	$1,200	$4,770	-	-	$5,970.00
Earl Warwick[1]	$300	$520	-	-	$820.00
Patricia Warwick[2]	$800	$2,400	-	-	$3,200.00
Total	**$20,300**	**$63,090**	-	**$9,244.77**	**$92,634.77**

[1] term ended
[2] term started

Investing in Our Communities

As a credit union, TCU Financial Group believes in the power of community, and we are committed to supporting the people and businesses where we live and work. In 2021 we were able to positively impact the community through over $16,000 in donations, approximately $6,000 in gifts-in-kind, as well as the time and passion that our Team Members have dedicated to volunteering. Through our 30 Days of Local initiative, an additional $7,500 was committed to support small businesses in Regina and Saskatoon. Below are a few highlights from the year.

HIGHLIGHTS

Rewarding Exceptional Students in Our Community

The TCU Financial Group Scholarship Program recognizes students who demonstrate excellence in contributing to their community while balancing their education, extra-curricular activities, work and family responsibilities. In 2021, we awarded a total of $10,000 to eight extraordinary recipients.

$2000 Recipients

Emma Clark, Aden Bowman Collegiate

Caralyn Engbers, Regina Christian School

Kali Ann Friesen, Leboldus High School

Rochelle Wright, Delisle Composite School

$500 Recipients

Syed Ali Raza Rizvi, Campbell Collegiate

Livia Blechinger, Holy Cross High School

Faith Hillsden, Martin Collegiate

Ashley Parker, St. Joseph High School

Supporting Local Businesses

The 30 Days of Local initiative was an opportunity to give $7,500 to small businesses while giving the people in our communities a financial boost as they chose to shop local. Every day in June people nominated a local business they would like to support. Nominees were randomly selected daily and given a $250 gift card to spend at the local business. Throughout the month, thirty individuals were randomly selected, and we were able to support thirty businesses through gift card purchases.

Fostering Financial Literacy Skills

Foundational employment and banking skills are critical tools to enable personal growth, yet for some women who the YWCA serves, this is unfamiliar territory. Through the Regina YWCA's program, our TCU Financial Group staff led a 4-week course to provide women with foundational financial literacy skills for life. The program covered everything from the essentials of how to open a bank account or obtain a credit card to more advanced topics such as planning a retirement fund.

C95 Radio Marathon for Breast Cancer

With our own staff having close personal experiences with the disease, TCU Financial Group has long been supporters of the C95 Radio Marathon for Breast Cancer Research. In October, we stopped by C95 to donate $500 on behalf of everyone at TCU Financial Group.

TCU Financial Group's Laureen Lang presents donation to Nora Yeates of the Cancer Foundation of Canada.

Supporting Youth Athletes

The Saskatoon Hilltops Scholarship Fund helps student athletes continue their post-secondary education. TCU Financial Group supported their cause through a $2,500 sponsorship of the Hilltops Endzone Dinner.

Supporting the Arts and a Community Gathering Place

As the naming partner of Saskatoon's premier Arts and Convention Centre, our partnership with TCU Place underscores our values of supporting the people who live and do business in our community. When long-time patron, Saskatoon Symphony Orchestra (SSO), moved its performances online we were able to accommodate an optimum vantage point for cameras to capture livestreamed SSO events through the TCU Financial Group corporate box.

Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) provides detailed information, including commentary on the results of operations and financial condition of TCU Financial Group Credit Union (TCU Financial Group), for the year ending December 31, 2021. The MD&A is an integral part of the annual report and should be read in conjunction with the accompanying consolidated financial statements.

The following discussion and analysis is the responsibility of management and is current as of March 30, 2022.

Forward Looking Statements

This MD&A may contain forward looking statements concerning TCU Financial Group and its future strategies. These statements involve uncertainties in relation to the prevailing economic, legislative, and regulatory conditions at the time writing. Therefore, actual results may differ from the future looking statements contained in this discussion.

Corporate Profile

TCU Financial Group is a member-owned financial co-operative serving over 15,000 members in the province of Saskatchewan. As a full service financial institution, TCU Financial Group offers members a comprehensive line of consumer, business and wealth management products and services. It serves its members through two branches and an advice centre in Saskatoon, two branches in Regina, MemberLine (call centre), and through its online and mobile banking platforms.

Economic Environment and 2022 Forecast

The Saskatchewan economy continues to recover and return to its pre-pandemic levels of activity. Severe drought conditions hampered crop production and the fourth wave of the pandemic hit the province particularly hard. These events took some wind out of the sails of recovery and have lowered the GDP growth forecasts for 2021 to just over 3%.

Despite the setbacks, the economy continues to exhibit signs of optimism and strength. The manufacturing sector fully recovered in 2021 and is firing on all cylinders, with nation leading year-over-year sales growth. Housing performance has improved, and the province recorded the fastest increases in housing starts in 2021, second only to Newfoundland and Labrador. In August 2021, BHP Billiton announced it has given the green light to move ahead with Jansen Potash project and has approved $7.5 billion in capital spending to begin building the mine, which is expected to take six years to construct. This is the largest private economic investment in Saskatchewan's history.

The labour market has tightened and with inflationary pressures persisting, it is expected that incomes will rise, and this will contribute to stronger consumption growth figures from households. Although inflation will contribute to a rising cost of living and higher borrowing costs, the Bank of Canada has hypothesized that Canadian households will close the gap by deploying some of their excess savings that have been accumulated since the start of the pandemic. Hiring intentions of large employers as reported by the Bank of Canada Business Outlook Survey are the strongest ever reported. These hiring intentions – combined with an already tight labour market across all segments of the economy – have business leaders also reporting strong intentions to make substantial investments into their businesses in an attempt to increase productivity levels. These investments decisions may accelerate in the coming years, particularly in the areas of digital transformation, mobility, and automation, which can help hedge against the risks associated with longer term labour scarcity.

While there is still a great deal of uncertainty, we would be remiss if we did not discuss the economic implications of the Russian military invasion of Ukraine. Both Ukraine and Russia are major agricultural exporters of wheat and barley, contributing more than 25% of global supply which is expected to be taken offline. Additionally, as the severe European and North American economic sanctions take hold against Russian exports, a wide array of key commodities produced in Saskatchewan are positioned well to benefit from the recent surge in prices. Finally, the Government of Saskatchewan has announced that it is willing to accept an unlimited number of Ukrainian refugees. Ukrainian immigrants helped settle the province more than a century ago, the Ukrainian culture is deeply embedded in Saskatchewan, and Ukraine was a top source of immigration to Saskatchewan before this military conflict.

Financial Performance Review

The following table provides an overview of key financial measures compared to targets for 2021. Actual results for 2020 have also been included for comparison.

Financial Management	2021 Actual	2021 Plan	2020 Actual
Growth			
Assets	$744,758,720	$786,635,000	$772,087,201
Asset Growth	(3.5%)	1.9%	3.4%
Loans	$586,949,807	$610,048,000	$564,650,013
Loan Growth	3.9%	8.8%	(2.6%)
Deposits	$653,126,500	$696,050,000	$663,016,292
Deposit Growth	(1.5%)	5.6%	5.8%
Liquidity Management			
Loan to Asset Ratio	78.8%	77.6%	73.1%
Liquidity Coverage Ratio (LCR)	183%	>125%	292%
Capital Management			
Common Equity Tier 1 / Risk-weighted Assets	13.72%	13.55%	14.62%
Total Tier 1 Capital / Risk-weighted Assets	13.72%	13.55%	14.62%
Total Eligible Capital / Risk-weighted Assets	14.14%	13.86%	14.90%
Total Eligible Capital / Leveraged Assets	7.98%	8.31%	7.72%
Profitability			
Net Income	$1,531,775	$1,382,627	$2,324,219
Return on Average Assets (ROAA)	0.20%	0.18%	0.31%
Comprehensive Income	($150,838)	$1,607,627	$3,852,333
Efficiency Ratio	82.2%	87.9%	83.7%

Total assets of the credit union declined $27,328,481 (3.5%) in 2021 to $744,758,720. This was part of a strategic decision to reposition the balance sheet to improve its revenue profile by paying down $21,239,302 in secured borrowings.

The loan portfolio increased $22,299,794 (3.9%) from the year prior. Several years ago, the credit union made the strategic decision to diversify its loan portfolio and sought to expand its commercial loan offerings. In 2021, the commercial loan portfolio expanded by $48,095,425 (27.3%) to $224,106,049, and now represents 38.2% of total net loans up from 31.2% in 2020. Residential mortgage balances declined $22,409,594 (-6.3%) over the course of the year, largely attributed to members being prudent and paying down their mortgage debt. Residential mortgages represent 56.7% of our total loans, down from 63.1% in 2020. Our strategic goal is to maintain a diversified and balanced loan portfolio that is weighted in the range of 60% consumer and 40% commercial. Currently, our distribution is 61.8% consumer and 38.2% commercial.

The credit union continues to have a stable deposit base with $256,325,513 (39.2%) of the deposit portfolio in term deposits. Demand deposits comprise $258,168,534 (39.5%) of the total deposit portfolio along with $136,356,567 (20.8%) represented by registered deposits. Total deposits declined $9,889,792 (-1.5%) throughout the year to end 2021 at $653,126,500.

Liquidity

By repositioning our balance sheet structure through the liquidation of investments to fund loans and pay down secured borrowings, our loan-to-asset ratio improved and ended the year at 78.8% up from 73.1%. As our primary focus as a credit union is to deploy most of the funds deposited with us into member loans, our ideal loan-to-asset ratio is between 78% to 82%. Lower levels of liquidity and a higher loan-to-asset ratio will generally enhance net interest income as loans are among the credit union's highest yielding assets. Average liquidity is expected to remain stable in 2022.

All Saskatchewan Credit Unions are required to maintain 10% of their liabilities on deposit with SaskCentral, as the manager of the provincial liquidity program. These liquidity investments provide a safety net of liquid funds to satisfy payment obligations and to also protect the credit union against unforeseen liquidity events. In addition to these statutory liquidity investments, the credit union maintains an investment portfolio of bonds that can be liquidated on short-notice and maintains $55,400,000 in credit facilities to meet any expected and unexpected liquidity demands.

Profitability

Net interest income is the difference between the income the credit union earns on loans and investments, and the interest paid on member deposits and borrowings. As a result of the previously discussed changes to the balance sheet, net interest income improved $1,729,192 (11.1%) in 2021 compared to 2020. On an average asset basis, net interest income improved 23 basis points, ending the year at 2.28% up from 2.05%.

Non-interest revenue, which includes wealth management revenue and a variety of service related and transaction fees, was $4,388,054 in 2021, compared to $4,448,518 in 2020. The TCU Wealth Management team contributed 44.8% of the total non-interest revenue, up from 36.6% the year prior.

Non-interest expenses increased $1,074,409 (6.4%) in 2021 to $17,824,925. The increase in non-interest expenses is attributed the significant investments the credit union has dedicated in 2021 towards getting ready to convert its core banking system and mobile banking platforms in the first quarter of 2022. Almost 90% of the increase in total expenses are within the personnel and general business categories to bring these conversions online, with each area seeing an increased spend in the vicinity of $480,000.

Provision for credit losses increased to $1,810,194 in 2021, up from $156,664 in 2020. Over $1,000,000 (58%) of the provision for credit loss expense is attributed to foreclosed properties that required provision top-ups or had been liquidated in 2021. Additionally, as a measure of risk management prudence, management elected to increase credit provisions for commercial loans rated stage 2 by $233,000 given the forward-looking economic headwinds these businesses may face surrounding inflationary pressures, lack of skilled labour, absentee disruptions due to COVID variants, vulnerable supply chains, and the dismantling of government COVID support programs. These additional provisions may reverse in future periods should these economic uncertainties and conditions reverse.

Net income declined $792,444 (-34.1%) to $1,531,775 in 2021, resulting in a return on average assets of 0.20%, down from 0.31% in 2020.

Comprehensive income is comprised of net income and other comprehensive income (OCI), all net of taxes. Our OCI includes fair value changes for derivative instruments (interest rate swaps) designated as cash flow hedges and represent unrealized gains or losses. For 2021, OCI was in a net loss position of $1,682,613 compared to a positive $1,528,114 in 2020. Fluctuations in fair values are generally attributed to changes in interest rates, movements in market credit spreads and shifts in the interest rate curve. The credit union uses interest rate swaps and derivative instruments as a risk management tool to hedge against future changes in interest rates to ensure net interest income stability. The credit union intends to hold these instruments to contract maturity and does not engage in speculative trading. As a result of these unrealized OCI losses, the credit union is reporting a comprehensive loss of $150,838 for 2021.

The efficiency ratio is a calculation that represents how much it costs the credit union to earn $1 in revenue. Our efficiency ratio improved slightly from 83.7% in 2020 to 82.2% in 2021. Management's focus following our banking system conversions is to work on getting this ratio below 70% within the next five years.

Member Equity and Capital

Member equity and capital are the primary measurements of a credit union's financial strength and ability to be resilient through unexpected events. Our capital management policy is to ensure that we remain adequately capitalized, maintaining a prudent cushion of retained earnings and equity to finance new opportunities, invest in our business, and offer a solid level of protection against severe negative economic events.

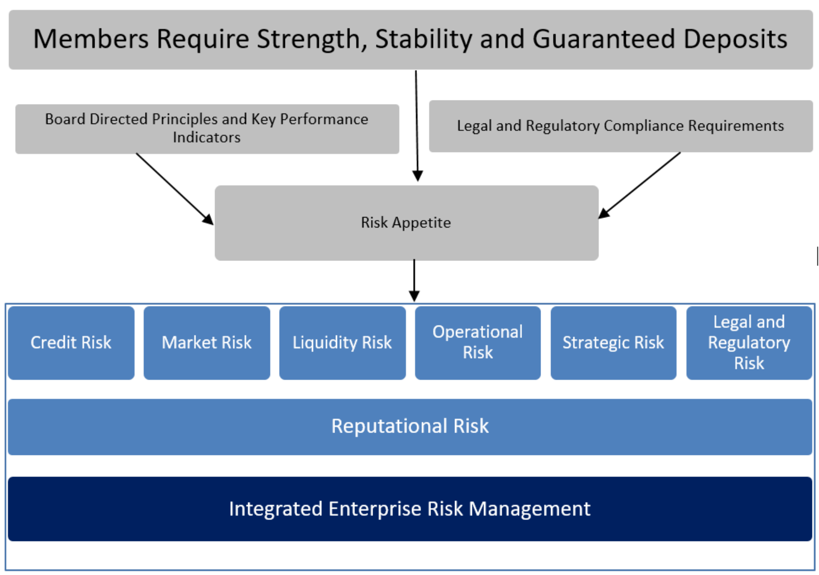
Our eligible capital ratio at the end of 2021 stood at 14.14%, down from 14.90% at the end of 2020. The standard as set by our regulator is that a credit union must maintain a minimum of 10.50% of total eligible capital as a percentage of risk-weighted assets. The credit union's internal capital management policy is for the risk-weighted capital ratio to be within the range of 12% to 14%. Management regularly conducts stress tests to its capital levels through its Internal Capital Adequacy Assessment Program (ICAAP). Based on the results of our stress tests, management is confident that TCU Financial Group will be able to maintain a stable capital ratio that demonstrates strength and resiliency.

Management of Risk

Overview

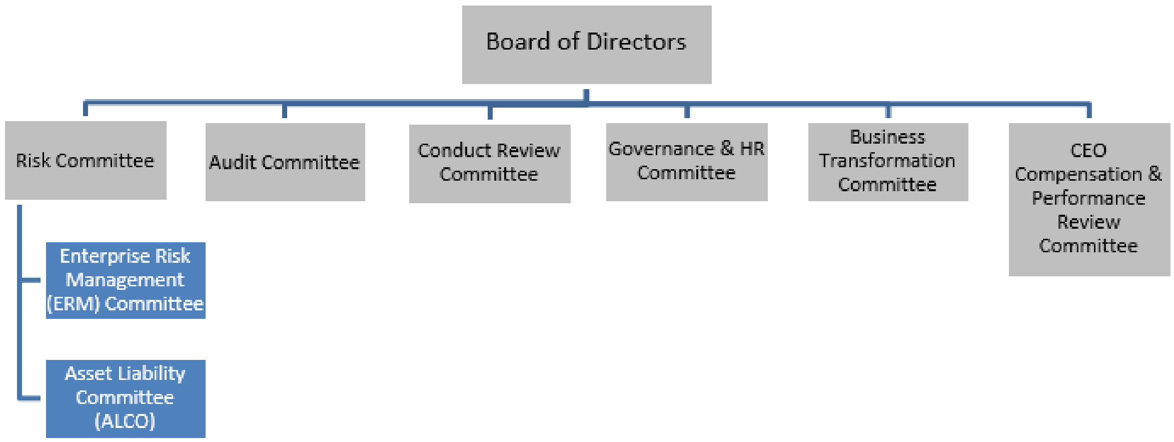
As a financial institution, TCU Financial Group is inherently exposed to a number of risks. Effective risk management is critical to the attainment of strategic initiatives. The credit union continues work to build a strong risk culture that empowers all employees to be risk-aware, and engaged in the identification and management of risk. TCU Financial Group utilizes an Enterprise Risk Management (ERM) framework that is aligned with Credit Union Deposit Guarantee Corporation's (the Corporation's) Standards of Sound Business Practice to identify, measure, monitor, control and report the risks of the organization on an enterprise-wide and disaggregated level.

The ERM framework defines risk exposure according to the categories outlined in the blue boxes of the chart below. These material risk categories reflect the significant risks that could impact TCU Financial Group's ability to achieve business objectives.



A key component of TCU Financial Group's risk management approach is to ensure that top and emerging risks are identified, managed and reported. Our ERM framework provides the overarching guidance for policies and programs at TCU Financial Group and allows effective management of enterprise-wide risks by:

- Providing a means by which the Board and management establish and reinforce the credit union's risk culture.
- Articulating and monitoring adherence to risk appetite through the Risk Appetite Framework.
- Establishing a risk management system with the three lines of defense to identify, measure, monitor, control and report risks.
- Establishing management and Board risk governance and oversight committees to provide a structured and disciplined approach to risk management and informed decision making.
- Establishing risk management policies and framework documents to govern the credit union's business and operational activities.



Senior management has established an Enterprise Risk Management Committee which is responsible to establish the framework to identify and classify risks, and establish effective policies and processes to manage the risks. Executive and senior management are responsible for the implementation of strategies and policies approved by the Board as well as regular reporting to the Board or specific committees to ensure proper oversight is maintained.

The Asset and Liability Management Committee (ALCO) consists of executive management and other management personnel. The committee is responsible for monitoring liquidity and interest rate risk as well as overall credit exposure. This committee provides regular reporting to the Board related to liquidity, market risk and capital management activities undertaken by management.

The Internal Credit Committee is comprised of executive management and other management personnel. Credit transactions that exceed delegated authorities of individual staff members require approval from the Internal Credit Committee.

The Information Systems and Technology Steering Committee is comprised of executive management and other management personal to provide leadership and planning to align technology investments with TCU Financial Group's digital transformation strategies, deliver value, and manage performance and risk. The Committee monitors, evaluates, and approves related technology risk, cybersecurity, and prioritizes major digital projects.

TCU Financial Group has also established an independent internal audit function that is outsourced to PRA Canada Group. Reporting from this framework is delivered to management and the Audit Committee of the Board on a quarterly basis to assist in the oversight of TCU Financial Group's internal controls.

The Risk Committee of the Board receives direct reporting from senior management and is responsible for monitoring the risk management framework and making recommendations to the Board regarding acceptable levels of risk. The Audit Committee of the Board is responsible to provide oversight of the external and internal audit process and the adequacy of internal controls.

The Board is responsible to approve the overall business plan, including recommendations from various committees. The Board also receives reporting from the various Board committees as it relates to approvals made by those committees.

TCU Financial Group is undertaking a process to review and align overarching policies and framework documents to ensure an integrated approach and holistic view of managing the entire business.

Risk Culture

Risk culture accountability lies at the core of TCU Financial Group's risk culture. Business decision makers have primary accountability for risk, while the Risk Management Group is primarily responsible for providing an enterprise-wide view of risk-taking activities by:

- Monitoring adherence to the Board's overall risk appetite and limit structure.
- Ensuring appropriate focus on the identification of new and emerging risks.
- Working with individuals across the organization to review and develop policies and procedures, monitor risk exposures, and challenging key business proposals.

Our approach is designed to help ensure that we only take as much risk as warranted by our business model, strategies, and policies, and that risk levels and types are transparent throughout the credit union. Business-line managers closest to our members are risk owners, while the Risk Management Group provides independent oversight and challenge of control effectiveness. We leverage strong talent on the front line, in corporate functions, and in internal audit to ensure effective risk management. To provide the foundation for risk culture, the Board establishes tone at the top by promoting risk awareness, conveying expectations that it does not support excess risk taking, and promoting a culture where employees are individually and collectively responsible for risk management.

The following risk principles guide employees in the corporate-wide management of risk:

- Clearly understand risks
- Integrate risk into decisions
- Use common sense and business judgement
- Actively communicate and manage risk
- Understand lines of defense roles
- Know TCU Financial Group members and business partners
- Balance risk and reward
- Act with integrity
- Protect TCU Financial Group's reputation and brand

Risk Appetite

TCU Financial Group's risk appetite encompasses our capacity for risk, which enables us to balance our risk tolerances with return expectations. Risk appetite is defined as the amount of risk TCU Financial Group is able and willing to accept or expressly avoid in the pursuit of its strategic objectives. Risk appetite is a comprehensive expression of the types and size of risks to which the credit union wishes to be exposed or not to be exposed, given the strategy and business model of the organization. Our risk appetite is based on an understanding of the credit union's overall capacity to bear risk. Risk limits and tolerance ranges represent the maximum risk the credit union can bear relative to its financial capital position, regulatory requirements, strength of earnings, resilience of brand and reputation. We also consider various stakeholder expectations including members, management and regulators with varying perspectives on risk appetite. As such, our risk appetite combines short-term management and earnings perspectives with longer-term solvency.

TCU Financial Group's Risk Appetite Framework provides the basis for the development of risk management policies and frameworks that establish and monitor adherence to the approved risk appetite. The Risk Appetite Framework also establishes the requirement to align risk-taking with the credit union's vision, strategy and risk principles.

Adherence to risk principles and limits in day-to-day operations provides the basis for managing the risk profile of the credit union.

Three Lines of Defense

TCU Financial Group has adopted the Three Lines of Defense model to help provide a consistent, transparent and clearly documented allocation of accountability and segregation of functional responsibilities. Our organizational structure continues to evolve and align to the Three Lines of Defense, improving the management of risk throughout the business operations of the credit union.

Business Operations	Risk Management Group	Internal Audit
First Line of Defense (risk takers)	**Second Line of Defense (risk oversight)**	**Third Line of Defense (independent assurance)**
• Owns and manages risk in day-to-day business operations. • Optimizes risk/return trade-off within risk appetite. • Embeds a risk aware culture within each business unit. • Operates within risk limits, tolerances, policies and legislative and regulatory requirements.	• Leads and coordinates development and maintenance of the Risk Appetite Framework, corporate policies and frameworks. • Supports a risk aware culture. • Provides independent oversight of the First Line of Defense, including independent challenge. • Defines risk measurement methodology and develops risk models and tools. • Independently identifies, measures, monitors and reports on the credit union's risk profile. • Provides advice on risk mitigation, risk appetite, risk assessment and quantification approaches.	• Provides independent assurance as to the effectiveness of the ERM Framework and the effectiveness of the First and Second Lines of Defense. • Independently reviews adherence to controls, policies and regulatory requirements. • Identifies operational weaknesses and recommends and tracks remediation actions.

Chief Risk Officer and Risk Management Group Mandates

The Chief Risk Officer (CRO) is independent from business line management. The CRO reports to the Chief Executive Officer, but has unfettered access, and a functional reporting line to, the Risk Committee of the Board. As part of the Executive Management Team, the CRO is responsible for providing strategic direction and leadership for the enterprise risk management, compliance, credit adjudication and administrative functions of TCU Financial Group. Internal Audit also reports administratively to the CRO.

The Risk Management Group is an independent function that is accountable for oversight and effective challenge of all significant and material risks faced by the organization. The risk group reinforces enterprise-wide risk culture; establishes risk appetite, policies and frameworks, provides independent oversight to the effectiveness of the credit union's risk and compliance processes; and reports on the enterprise risk profile independently of business segments.

Stress Testing

Stress testing is an important component of TCU Financial Group's risk management framework. Stress testing results are used to:

- Ensure the credit union's risk appetite is commensurate with its risk capacity
- Ensure the credit union has sufficient capital for its risk profile
- Ensure the credit union has a buffer to withstand extreme but plausible shocks and stress events
- Ensure the credit union has capacity to recover from stress conditions

We incorporate the results of our stress tests into our Internal Capital Adequacy Assessment Process (ICAAP).

ICAAP

The ICAAP is an integral part of TCU Financial Group's ERM program. The ICAAP supports the credit union in ensuring that capital targets and levels are adequate to support the material risks of business operations, that capital is effectively deployed and maintained, and that capital decisions are aligned with the credit union's risk appetite, corporate policies and risk frameworks.

Material Risks

Material risks are those considered significant to the success of TCU Financial Group. The credit union takes on risks that are aligned with its strategic direction and risk appetite and create value for shareholders.

Credit Risk

Credit risk is the risk of loss associated with a borrower, obligor or counterparty (collectively referred to as counterparty) failing to meet the agreed terms in their respective loan agreement(s). TCU Financial Group has a credit management policy, procedures and underwriting requirements to assess and manage credit risk, which is inherent in the financial industry. TCU Financial Group monitors industry standards, market and economic conditions, and regulations in order to refine and evolve our credit risk practices.

The responsibility for managing credit risk is shared following the Three Lines of Defense model. Our Board delegates credit approval authorities to the CEO, who has delegated credit risk approval authorities to individuals within the credit department and business segments as necessary to enable daily business activities. Credit transactions in excess of these authorities must be approved by the Internal Credit Committee in alignment with the limits and requirements contained in the Corporation's Standards of Sound Business Practice.

Credit risk analysis includes continuous review and assessment of our loan portfolio performance; including criteria such as repayment, security valuation and diversification. We continue to actively manage our credit book as part of the risk and capital management processes. This helps determine the potential impact of an economic downturn that may result in defaults and a decrease in housing prices. Results indicate that TCU's capital position remains resilient in the event of a medium-to-high stress scenario that affects the residential mortgage portfolio. Specifically, a LTV shock of 30% and a probability of default of 5% results in a negative impact of approximately $800,000 on TCU's capital position.

Activities in place to manage TCU Financial Group's credit risk profile within risk appetite and risk limits include:

- Entering into transactions within the credit union's knowledge and expertise.
- Consistent application of sound credit policies and procedures that set out the requirements for structuring loans. Underwriting requirements include the use of collateral, amortization, loan-to-value, reporting and covenants.
- Requiring the counterparty to pledge collateral as security for the credit to mitigate potential loss in the event of default.
- Regular reporting that assists management in identifying trends and/or red flags. TCU Financial Group is better positioned to proactively address concerns and increase the probability the loan can be rehabilitated.

The largest percentage of our credit book is invested in residential mortgages, including Home Equity Lines of Credit (HELOCs). TCU Financial Group has enhanced underwriting and review practices to insulate/mitigate risk in the portfolio associated with market volatility as has been observed in the past two year resulting from the pandemic. A more focused approach to diversification continues to be refined and implemented, which includes increased participation in commercial lending through a combination of on-book and purchased loans (syndication) across various industries and provinces.

Residential Mortgage Loan Portfolio

TCU Financial Group's residential mortgage loan portfolio is composed of uninsured, insured and HELOC mortgages. TCU Financial Group has established policies and procedures aligned with legislative and regulatory requirements that set out maximum loan to value, amortization periods and review requirements. Insured mortgages are those that have contractual coverage protecting TCU Financial Group against potential loss as a result of borrower default. Default insurance can be provided by government backed entities or other approved private mortgage insurers. Currently TCU Financial Group uses Canada Mortgage and Housing Corporation (CMHC) and Sagen (previously called Genworth) to provide mortgage default insurance.

A HELOC is a form of non-amortizing (revolving) credit that is secured by a residential property. Unlike a traditional residential mortgage, most HELOCs are not structured to fit a predetermined amortization, although regular, minimum periodic payments are required. TCU Financial Group is limited to providing the non-amortizing HELOC component of a residential mortgage to a maximum authorized loan to value (LTV) ratio of less than or equal to 65%.

The following tables provide details to allow for evaluation of the soundness and condition of TCU Financial Group's residential mortgage operations:

Residential Mortgage Loan Portfolio (amount held by TCU Financial Group)

Category	Mortgage Balance (held by TCU Financial Group)	% of Residential Mortgage Portfolio	Number of Loans
Insured Loans	$114,351,507	35%	502
Uninsured Loans (non-HELOC)	$107,312,567	32%	546
HELOC	$108,876,481	33%	1,511
Total Loans	$330,540,555	100%	2,559

Residential Mortgage Term Loan Portfolio by Amortization (non-HELOC)

Category	Mortgage Balance (held by TCU Financial Group)	% of Residential Mortgage Portfolio	Number of Loans	Average Outstanding Loan Balance
< than 10 years	$2,294,453	1%	52	$44,124
10 – 14 years	$6,752,994	3%	71	$95,113
15 – 19 years	$34,466,584	16%	195	$176,752
20 – 25 years	$168,841,118	76%	689	$245,052
> than 25 years	$9,308,924	4%	41	$227,047
Total Loans	$221,664,073	100%	1,048	$211,512

Residential Mortgage Loan-to-Value (LTV)

Category	Average LTV Ratio
Newly Originated Uninsured Residential Mortgages	71%
Newly Originated HELOCs (LTV at approval)	65%

Liquidity Risk

Liquidity and funding risk is the risk of financial loss due to the inability to access sources of funds or to generate sufficient cash or cash equivalents in a timely manner to meet all commitments as they become due, without raising funds at adverse rates or selling on a forced basis.

Liquidity risk analysis includes a review of strategies around member deposit acquisition and other loan funding sources. TCU Financial Group has established liquidity, capital management and asset/liability management (ALM) policies which are approved by the Board and provide direction in managing the associated risks. Loan syndication continues to be one strategy employed to mitigate liquidity pressures. Existing borrowing facilities with SaskCentral and Wyth Financial also form part of the management strategy. Management develops strategies designed to attract deposits and non-interest revenue streams. The ALCO is responsible to manage liquidity risk based on the approved policy and to provide reporting to the Board.

Market (Interest Rate) Risk

Market Risk at TCU Financial Group refers to the interest rate risk in the banking book. Interest rate risk in the banking book arises due to the duration mismatch between assets and liabilities. Adverse interest rate movements may cause a reduction in earnings and/or a reduction in the economic value of TCU Financial Group's assets or liabilities, resulting in a reduction of economic value of equity.

Market risk analysis includes a review of market conditions, asset/liability matching and interest margins. In addition to the ALCO, TCU Financial Group has employed the services of an outside consultant to assist with our balance sheet management. There is an increased focus on stress testing and portfolio analysis to assist in developing proactive management strategies. Interest rate swaps are employed as one strategy to manage interest rate risk. Senior management conducts ongoing reviews of product offerings, product delivery and product pricing to help ensure profitability. Reporting is provided to the Board regularly. Work continues to enhance the type and depth of the reporting available to assist management.

Strategic Risk

Strategic risk is the risk of exposure to loss resulting from changes in the external business environment or failure to respond appropriately to these changes as a result of inaction, ineffective strategies or poor implementation of strategies.

Annual planning meetings with executive management and the Board set the direction for the credit union. Our strategic direction is set by the Board, and management is responsible to develop initiatives to achieve the strategic plan. Management reports to the Board on the progress to plan for initiatives designed around our members, corporate culture, financial performance metrics and growth as well as operational business processes. The reporting process that identifies metrics to gauge performance in these strategic focus areas is referred to as the "Balanced Scorecard". The Board reviews and approve the Balanced Scorecard annually.

Strategic risk analysis includes a review of TCU Financial Group's brand, strategic direction, competition for members and employees, as well as TCU Financial Group's role in the communities we serve. TCU Financial Group entered into current planning cycle in 2019 to set the stage for 2020-2022. The previous plan focused on internal rebuilding and people development. The 2019 planning process introduced a potential shift in our overall strategy as a result of the changes in the economic conditions, increased competition and changing consumer expectations in general. The traditional book of business that has served TCU Financial Group well for many years no longer provides the same level of income and a new focus is needed to prepare TCU Financial Group for success in the future. In 2020, the priorities of the new strategic initiatives were refined, and operational plans for 2021 and 2022 were formulated. TCU Financial Group will revisit the strategic plan in 2022.

Operational Risk

Operational risk is the risk of direct or indirect loss resulting from people, inadequate or failed internal processes or systems, or from external events. Operational risk is inherent in all business activities.

Operational risk analysis includes a review of human resources, information systems, internal controls, and business continuity planning. Operational risk occurs when TCU Financial Group is not able to develop or deliver products and services to its members due to human error, inadequate or failed technical issues, inadequate internal controls, lack of trained or qualified staff or other resources, etc. TCU Financial Group has established policies, procedures, internal controls, and compliance activities with regular reviews of these controls. For example, TCU Financial Group has adopted a Code of Conduct for employees and directors.

TCU Financial Group utilizes a risk register, and engages third party experts to ensure a high level of knowledge and support for daily operations and key initiatives as needed. TCU Financial Group also requests and receives audit reports from key suppliers to ensure that these organizations are able to remain viable partners for our organization.

Legal and Regulatory Risk

Regulatory compliance risk is the risk of regulatory sanctions or restricted business capacities due to non-compliance with applicable regulatory requirements within governing legislation, regulations and regulators' expectations applicable to the operations of TCU Financial Group. A regulatory requirement obligates the credit union to do (or prohibits it from doing) certain things or to act or conduct its affairs in a particular manner. The Chief Compliance Officer (CCO) is responsible to oversee the design, development, implementation and maintenance of the regulatory compliance programs for the credit union. Within this responsibility, the CCO ensures that key day-to-day controls throughout the credit union are sufficiently robust to effectively mitigate the risk of noncompliance with regulatory and legislative requirements. Regulatory compliance matters are reported to the ERM Committee and to the Board through its Risk Committee.

Legal and regulatory risk analysis includes a review of fraud and fiduciary risk exposure; the cost to implement regulatory or compliance regimes; and the possible effect of non-compliance with laws, rules, regulations or ethical standards. TCU Financial Group has policies, procedures and internal controls in place to mitigate our exposure to these risks, as well as ensure compliance with applicable laws and regulations. The regulatory framework continues to evolve to meet the needs of TCU Financial Group and the expectations of the Corporation. Quarterly reporting is provided to senior management, the Risk Committee and the Audit Committee to enable Board oversight of the compliance and control processes.

Current Risk Assessment

TCU Financial Group has identified the following priority risks in alignment with our current corporate strategic plan:

People

The priority risks in the People strategic focus area are employee engagement, alignment of culture and strategy, and change fatigue. Ensuring our people understand and are able to align individually with the desired culture continues to be critical to TCU Financial Group's success.

Given the tight labour market and wage pressures caused by inflation, TCU Financial Group will continue to prioritize employee attraction and retention strategies to ensure the organization is able to attract and retain strong talent, and remain an employer of choice in Saskatoon and Regina.

Employing the right people with the right skills, behaviors, and attitude is critical to achieving and executing our strategy. Ensuring that staff are supported and enabled to be resilient in the face of change will also be essential. TCU Financial Group continues to invest in our people through education and training, as well as acquiring the needed expertise and leadership skills to achieve the desired organizational structure.

Operational Business Processes

The priority risks in the Operational Business Processes strategic focus area are policies, measures to define success, and technology implementation.

TCU Financial Group continues to look for effective and efficient processes to ensure consistent member experience and reduce operating costs, while maintaining focus on appropriate risk management. Foundational frameworks to aid in the identification and management of risk continue to be enhanced. TCU Financial Group will have a continued focus on policy and framework governance in 2022.

Technology is a key element for any modern business, and using it effectively will be critical to achieving TCU Financial Group's strategic goals. As inflationary pressures have increased and labour markets tightened, business leaders have reported their intention to make significant investments to improve productivity and efficiency. This could result in many organizations, including TCU Financial Group, accelerating plans to implement digital transformation and automation strategies.

In 2022, TCU Financial Group is implementing a new banking system and digital banking platform. This large and complex system conversion involves a significant number of dedicated TCU Financial Group resources and third party vendors to implement.

Member

The priority risk in the Member strategic focus area is member acceptance of our strategy. Evolving our core business is our key strategic initiative and requires the support of all other areas. Ensuring we connect with our members is paramount to the delivery of a differentiated value. TCU Financial Group has committed resources to member experience transformation, along with research and business analytics. Revisiting our sales culture to ensure it aligns with our strategic objectives continues to be key, while also adapting to our changing business landscape in order to transform quickly enough to capitalize on new opportunities.

The current economic environment will also impact TCU members. With inflationary pressures persisting, inflation will contribute to a rising cost of living and higher borrowing costs. This could be partially offset by members deploying some of the savings that have been accumulated since the start of the pandemic.

Financial Strength

The priority risks in the Financial Strength strategic focus area are efficiency and profitability. Improving TCU Financial Group's efficiency ratio will have a positive impact on net income and capital ratios, and ensure the organization is able to grow and remain strong into the future.

Management also continues to focus on diversification of TCU Financial Group's credit book to mitigate concentration risk and provide the potential for increased income. This diversification will help in managing the risk associated with local economic conditions, which are expected to improve as COVID-19 pandemic restrictions are lifted.

The unfortunate military invasion of Ukraine will also impact the provincial economy. Economic sanctions against Russia have resulted in increased commodity prices. While it is not certain how long these sanctions will last, increased commodity prices are expected to have a positive impact on the provincial economy, at least in the short term.

Management's Responsibility Communication

To the Members of **TCU Financial Group,**

Management has responsibility for preparing the accompanying financial statements and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and making objective judgements and estimates in accordance with International Financial Reporting Standards.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

Ultimate responsibility for financial statements to members lies with the Board of Directors. An Audit Committee of Directors is appointed by the Board to review financial statements in detail with management and to report to the Board of Directors prior to their approval of the financial statements for publication.

Independent auditors appointed by the members audit the financial statements and meet separately with both the Audit Committee and management to review their findings. The independent auditors report directly to the members and their report follows. The independent auditors have full and free access to the Audit Committee to discuss their audit and their findings as to the integrity of the Credit Union's financial reporting and the adequacy of the system of internal controls.

Angela Prokop
Chair, Audit Committee

Greg Peacock
Chief Executive Officer

VIRTUS GROUP
Chartered Professional Accountants
& Business Advisors LLP

INDEPENDENT AUDITORS' REPORT

To the Members,
TCU Financial Group Credit Union

Opinion
We have audited the consolidated financial statements of **TCU Financial Group Credit Union** and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting 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 Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Saskatchewan, 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.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon
Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 International Financial Reporting 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 Company’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 Company or to cease operations, or has no realistic alternative but to do so.

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

continued .../

INDEPENDENT AUDITORS' REPORT continued

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

Virtus Group LLP

March 30, 2022 **Chartered Professional Accountants**
Saskatoon, Saskatchewan

VIRTUS GROUP

TCU FINANCIAL GROUP CREDIT UNION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021
(with comparative figures for 2020)

ASSETS

	2021	2020
Cash and cash equivalents (Note 4)	$ 12,843,578	$ 7,315,686
Derivative financial instruments (Note 5)	283,306	2,626,928
Investments (Note 6)	127,114,834	181,098,128
Investment property (Note 7)	1,872,998	1,931,733
Loans receivable (Note 8)	586,949,807	564,650,013
Other assets (Note 9)	3,279,309	2,590,249
Property and equipment (Note 10)	7,869,068	8,361,955
Right of use assets (Note 11)	1,352,487	1,547,198
Intangible assets (Note 12)	3,193,333	1,965,311
	$ 744,758,720	$ 772,087,201

LIABILITIES

	2021	2020
Lease liabilities (Note 11)	$ 1,590,842	$ 1,778,577
Deposits (Note 13)	653,126,500	663,016,292
Loans payable (Note 14)	3,500,000	-
Secured borrowing (Note 15)	19,086,487	40,325,789
Other liabilities (Note 16)	2,749,928	2,088,987
Shares (Note 17)	73,365	95,120
	680,127,122	707,304,765

MEMBERS' EQUITY

	2021	2020
Retained earnings	64,748,494	63,216,719
Accumulated other comprehensive income	(116,896)	1,565,717
	64,631,598	64,782,436
	$ 744,758,720	$ 772,087,201

APPROVED BY THE BOARD:

SBMansfield ______________________ Director

______________________ Director

"See Accompanying Notes"

TCU FINANCIAL GROUP CREDIT UNION
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

	2021	2020
Retained Earnings		
Retained earnings - beginning of year	$ 63,216,719	$ 60,892,500
Net income	1,531,775	2,324,219
Retained earnings - end of year	$ 64,748,494	$ 63,216,719
Accumulated Other Comprehensive Income		
Accumulated other comprehensive income - beginning of year	$ 1,565,717	$ 37,603
Other comprehensive income (loss)	(1,682,613)	1,528,114
Accumulated other comprehensive income - end of year	$ (116,896)	$ 1,565,717
Total Equity	$ 64,631,598	$ 64,782,436

"See Accompanying Notes"

TCU FINANCIAL GROUP CREDIT UNION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

	2021	2020
Interest revenue		
Loan	$ 19,845,550	$ 20,703,682
Investment	4,422,308	4,381,617
	24,267,858	25,085,299
Interest expense		
Borrowed money	1,000,324	1,375,256
Member deposits	5,965,788	8,137,489
	6,966,112	9,512,745
Net interest income	17,301,746	15,572,554
Provision for credit losses	1,810,194	156,664
Net interest income after provision for credit losses	15,491,552	15,415,890
Other income	4,388,054	4,448,518
Operating expenses		
General business	5,381,872	4,902,734
Occupancy	1,798,569	1,701,499
Organizational	160,001	176,315
Personnel	9,885,768	9,402,893
Security	598,715	567,075
	17,824,925	16,750,516
Income before income taxes	2,054,681	3,113,892
Income taxes (Note 22)		
Current (recovery)	720,006	(467,627)
Deferred (recovery)	(197,100)	1,257,300
Net income before other comprehensive income	1,531,775	2,324,219
Other comprehensive income (loss)(net of tax)		
Net unrealized gains (losses) on cash flow hedges	(1,682,613)	1,528,114
Other comprehensive income (loss)	(1,682,613)	1,528,114
Total comprehensive income (loss)	$ (150,838)	$ 3,852,333

"See Accompanying Notes"

TCU FINANCIAL GROUP CREDIT UNION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

	2021	2020
Cash provided by (used in) operating activities:		
Total comprehensive income (loss)	$ (150,838)	$ 3,852,333
Items not involving cash:		
- Amortization on investement property, property, plant and equipment, right of use assets and intangible assets	1,440,398	1,401,626
- (Gain) loss on disposal of property, plant and equipment	(4,467)	-
- Provision for credit losses	1,810,194	156,664
Net change in other assets and other liabilities	(28,120)	82,259
	3,067,167	5,492,882
Cash provided by (used in) investing activities:		
Investments	56,326,916	(40,146,309)
Loans receivable	(24,109,988)	14,722,018
Proceeds from disposal of property and equipment	14,295	-
Purchase of property and equipment and intangible assets	(1,931,914)	(1,131,699)
	30,299,309	(26,555,990)
Cash provided by (used in) financing activities:		
Deposits	(9,889,792)	36,226,636
Loans payable	3,500,000	-
Lease liabilities	(187,735)	(204,504)
Secured borrowing	(21,239,302)	(14,576,985)
Shares	(21,755)	(4,695)
	(27,838,584)	21,440,452
Increase in cash	5,527,892	377,344
Cash position - beginning of year	7,315,686	6,938,342
Cash position - end of year	$ 12,843,578	$ 7,315,686

"See Accompanying Notes"

1. Incorporation and governing legislation

TCU Financial Group Credit Union is a for profit corporation governed by *The Credit Union Act, 1998* in the Province of Saskatchewan, Canada. The Credit Union's registered office is located in Saskatoon, Saskatchewan. The Credit Union provides financial services to members through branches in Saskatoon, Regina and the surrounding area.

In accordance with The Credit Union Act, 1998, Credit Union Deposit Guarantee Corporation (CUDGC) regulates all credit unions in Saskatchewan. CUDGC establishes Standards of Sound Business Practices, provides regulatory guidance and guarantees the repayment of all deposits, including accrued interest. If a credit union is not in compliance with the standards or regulatory guidance, CUDGC has the authority to take necessary action, which may include reducing or restricting the credit union’s authorities and limits, taking preventative actions, issuing a compliance order, placing the credit union under supervision or administration, or issuing an amalgamation order.

2. Basis of preparation and statement of compliance

The consolidated financial statements have been prepared in accordance with Part I of the CPA Canada Handbook - International Financial Reporting Standards (IFRS). The financial statements comply with IFRS adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were approved by the Board of Directors on March 30, 2022.

The consolidated financial statements have been prepared on the historical cost basis, except for certain investments which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability the Credit Union takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value, but are not fair value, such as value in use on impairment.

The Credit Union follows a fair value hierarchy to categorize the inputs used to measure fair value into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated financial statements are presented in Canadian dollars, which is the Credit Union’s functional currency.

3. Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements are summarized below. These accounting policies have been applied consistently to all periods presented in these financial statements.

Use of estimates and judgements

The preparation of the financial statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The most significant uses of judgements and estimates are as follows:

(i) Valuation of Financial Instruments

The Credit Union determines the fair value of financial instruments for which there is no observable market price using a variety of valuation techniques as described further in Note 2. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgement is required to establish fair values. The judgements include consideration of liquidity and other risks affecting the specific instrument.

(ii) Allowances for Credit Losses

Specific allowances are applied to financial assets evaluated individually for impairment. In particular, management judgement is required to estimate the amount and timing of cash flows the Credit Union expects to receive. These estimates are based on a number of factors, including the net realizable value of any underlying collateral.

The expected credit loss model requires the recognition of twelve months of expected credit losses for performing loans, and of lifetime losses on performing loans that have experienced a significant increase in credit risk since origination. The determination of a significant increase in credit risk requires experienced judgement and considers a number of different factors that vary by product and risk segment. Some of these factors are based on forecasts of future economic conditions. The recognized expected credit losses are determined using these estimates, which may be materially different from actual credit losses realized.

3. Summary of significant accounting policies continued

Basis of consolidation

The consolidated financial statements include the financial statements of the Credit Union and its subsidiaries. Assets, liabilities, income and expenses are included in the consolidated financial statements after eliminating inter-company transactions and balances.

Subsidiaries are entities controlled by the Credit Union. Control is achieved where the Credit Union has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of its returns. Control is reassessed if facts and circumstances indicate that there are changes to one or more of these criteria. When the Credit Union has less than a majority of voting rights of an investee, the Credit Union assesses whether it has power over the investee by determining if it has the practical ability to unilaterally direct relevant activities.

The financial statements of subsidiaries are included in the financial statements from the date control commences until the date that control ceases. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Included in the consolidated financial statements are the following entities:

Entity	Percentage Ownership
TCU Holdings Inc.	100 %

Financial instruments

All financial instruments are initially recognized at fair value plus transaction costs, except in the case of financial assets and liabilities classified as fair value through profit or loss (where transaction costs are expensed). The classification of financial assets at initial recognition depends on the entity's business model for managing financial assets and the contractual cash flow characteristics of the instrument. The Credit Union uses settlement date accounting for regular way contracts when recording financial asset transactions. All financial instruments are classified as fair value through profit or loss, amortized cost or fair value through other comprehensive income.

The business model used by the Credit Union is a key consideration for the classification of financial assets. The two primary models are to hold financial assets to collect contractual cashflows, or to hold financial assets to collect contractual cashflows and sell financial assets. The Credit Union's business model is to hold financial assets to collect contractual cash flows.

Embedded derivatives are not separated from the host contract, with the contract treated as one instrument at initial recognition. The classification is determined based on an assessment of the contractual cashflow characteristics and the business model under which is it managed.

3. Summary of significant accounting policies continued

Fair value through profit or loss

Financial assets and liabilities are classified as fair value through profit or loss (FVTPL) when the instruments are:

- Held for trading purposes,
- Part of a managed portfolio with a pattern of short term profit taking,
- Non trading financial assets that do not consist solely of payments of principal and interest (SPPI), or
- Voluntarily designated as such.

Equity instruments are measured at FVTPL unless the asset is not held for trading purposes and an irrevocable election to classify as fair value through other comprehensive income is made.

Financial assets and financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized immediately in profit or loss.

The Credit Union has classified the following financial assets and liabilities as FVTPL:

Cash
SaskCentral shares
Concentra shares
Central 1 bid deposit
Central 1 demand deposit
Other investments
Provincial and corporate bonds
Derivatives

The Credit Union has not voluntarily designated any financial instruments as FVTPL.

Amortized cost

Financial assets classified as amortized cost are debt financial instruments with contractual cash flows that consist solely of payments of principal and interest (SPPI) and are managed on a hold to collect basis. SPPI payments are those which would typically be expected from basic lending arrangements. Principal amounts include par repayments and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset, and a profit margin. Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

All financial liabilities are classified as amortized cost unless it has been classified as fair value through profit or loss.

3. Summary of significant accounting policies continued

The Credit Union has classified the following financial instruments at amortized cost:

SaskCentral investments
Loans receivable
Accrued interest
Deposits
Secured borrowing
Other liabilities
Shares

Fair value through other comprehensive income

Financial assets are classified as fair value through other comprehensive income (FVOCI) when the financial assets:

- Are held within a business model that is to hold to collect contractual cashflows and sell financial assets,
- Have contractual terms that give rise, on specified dates, to cash flows that are SPPI, and
- Are not designated as held for trading.

The Credit Union has classified the following financial assets as FVOCI:

Derivatives - effective portion used as a cash flow hedge

Derivative financial instruments

Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, foreign exchange rate, equity, commodity instrument or index. In the ordinary course of business, the Credit Union enters into derivative contracts for asset/liability management. The Credit Union enters into derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Derivatives are initially recognized at fair value at the date that each derivative contract is entered into. They are subsequently measured at fair value with changes in fair value recognized in profit or loss, unless they are designated in a qualifying hedging relationship. Derivatives may include contracts which are designated as and effective as hedges, and/or contracts which reposition the Credit Union's overall interest rate risk, credit risk and foreign exchange risk profile.

Embedded derivatives

Derivatives embedded in other non-derivative financial instruments or other host contracts are separated from their host contracts and accounted for as separate derivatives when certain conditions are met. These conditions include: the economic characteristics and risks are not closely related to those of the host contract, a separate instrument with the same terms would meet the definition of a derivative and the combined instrument or contract is not measured at FVTPL. Embedded derivatives that are accounted for as separate derivatives are measured at fair value with changes in fair value recognized in profit or loss immediately. The Credit Union does not have any outstanding contracts or financial instruments with embedded derivatives that require separate recognition.

3. Summary of significant accounting policies continued

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. The Credit Union recognizes transaction costs as part of the carrying amount of all financial instruments except those classified as at FVTPL.

Financial asset impairment

The Credit Union assesses financial assets, other than those recorded at FVTPL, for indicators of impairment at each reporting period.

Loans receivable

The Credit Union uses the expected credit loss (ECL) impairment model to measure the loss allowance on loans receivable, in the following categories:

- Stage 1 – the expected losses for the next 12 months on performing financial assets,
- Stage 2 – the expected lifetime losses on performing financial assets that have experienced a significant increase in credit risk since origination, and
- Stage 3 – the expected lifetime losses on credit impaired financial assets.

Stage 1 assets consist of performing loans with credit risk that has not increased significantly since origination. Stage 2 assets consist of performing loans with credit risk that has increased significantly since origination. Stage 3 assets consist of high risk, non performing or doubtful loans, where it is not expected that the principal and interest will be collected in full. Stage 1 and Stage 2 performing loans are included in the analysis without consideration of collateral value. Stage 3 doubtful loans are included in the analysis at the balance outstanding less any collateral value and consideration of collection costs. Individual loan assets move between stages as credit risk increases or decreases.

In determining the expected credit losses, Management assesses each loan asset and assigns a risk rating of Stage 1 Remote/Low Risk, Stage 2 Moderate Risk or Stage 3 Higher Risk. Management also estimates the probability of default and expected loss ratio for each risk rating category, considering a number of factors, such as product type and terms, local, provincial and national economic factors, historical loss experience and delinquency trends. Certain factors are based on forecasts of future economic conditions, such as housing starts, unemployment and interest rates. Loan assets which were modified, but not derecognized, during the period are specifically assessed to determine if there has been a significant increase in credit risk by comparing the risk of default at the origination of the loan to the risk of default at the reporting date.

3. Summary of significant accounting policies continued

The probability of default and the expected loss ratio are applied to the loan assets classified in each stage to estimate the expected credit loss.

At each reporting period, the Credit Union performs the analysis to estimate the loan allowance. Changes in the loan allowance are recognized in the provision for credit losses on the statement of comprehensive income as they occur.

When a loan is impaired, any collateral has been realized, and there is no expectation of recovery, the loan is written off. Records about written off loans are maintained in case future recoveries are received. Loan allowances on loans written off in the period are reversed in the period the loan is written off. Recoveries on loans written off are recognized in revenue in the period the amount is received.

Investments and other financial assets

The Credit Union uses the expected credit loss impairment model to measure the loss impairment on investments and other financial assets. Management assesses each individual asset and determines whether there has been a significant increase in credit risk since origination and the probability of default. The factors considered include significant financial difficulty of the issuer or counterparty, disappearance of an active market for the security, prolonged decline in the fair value of a security, as well as local, provincial and national economic factors.

At each reporting period, the Credit Union analyzes individual investments and other financial assets to estimate the expected credit loss. Changes in the estimated credit loss are recognized in investment revenue for investments and other revenue for other financial assets on the statement of comprehensive income as they occur.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid securities with a maturity date within 90 days of the year end date. They are subject to insignificant risk of changes in fair value and are used to manage short term cash commitments.

Investments

Investments are initially measured at fair value. For investments not classified as FVTPL, incremental transaction costs are added to the initial measurement. Subsequent measurement is determined based on the classification of the instrument.

Loans receivable

Loans are initially measured at fair value plus transaction costs and subsequently at amortized cost using the effective interest method, less any loan allowances. A loan is classified as impaired (doubtful) when there is no longer reasonable assurance that the principal and interest will be collected in full.

Assets held for sale

Assets are considered held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to be completed within one year from the date of classification.

3. Summary of significant accounting policies continued

Property and equipment

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. Property and equipment are amortized over their estimated useful lives using the following rates and methods, with the exception of land which is not amortized:

Computer & communications equipment and programs	4 - 8 years	straight-line
Building	40 years	straight-line
Furnishings, equipment	10 years	straight-line
Leasehold improvements	15 years	straight-line

The estimated useful lives, residual values and depreciation methods are reviewed at each year end and adjusted if appropriate.

Gains and losses on the disposal or retirement of property and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and are recorded in the statement of comprehensive income in the year of disposal.

Membership shares

Shares are classified as financial liabilities in accordance with their terms. Shares are redeemable at the option of the member on withdrawal from membership.

Intangible assets

Specified intangible assets are recognized and reported separately. Definite life intangible assets are recorded at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight line method over 4 - 8 years for purchased software and 10 years for naming rights, based upon management's best estimate of the useful life of the asset, and included in comprehensive income. The estimated useful life and amortization method are reviewed at each year end and adjusted if appropriate. Gains and losses on the disposal of intangible assets are recorded in comprehensive income in the year of disposal.

Impairment of tangible and intangible assets

At least annually, the Credit Union reviews 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 to determine the extent of 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 a group of assets to which the asset belongs.

If the recoverable amount of an asset or group of assets is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The related impairment loss is recognized in the statement of comprehensive income.

3. Summary of significant accounting policies continued

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount. 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 group of assets in prior years. A reversal of an impairment loss is recognized in the statement of comprehensive income as it occurs.

Leases

The Credit Union assesses at inception of a contract, whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Credit Union assesses whether the customer has the following through the period of uses:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

Where the Credit Union is a lessee in a contract that contains a lease component, the Credit Union allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

At the lease commencement date, the Credit Union recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost. The cost of the right-of-use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Credit Union, and an estimate of the costs to be incurred by the Credit Union in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Credit Union measures right-of-use assets by applying the cost model, whereby the right-of-use asset is measured at cost less accumulated amortization and impairment losses and adjusted for any remeasurement of the lease liability. The right-of-use asset is amortized using the straight-line method from the commencement date to the end of the lease term or the end of the useful life of the right-of-use asset. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. The determination of the amortization period is dependent on whether the Credit Union expects that the ownership of the underlying asset will transfer to the Credit Union by the end of the lease term or if the cost of the right-of-use asset reflects that the Credit Union will exercise a purchase option.

The lease liability is initially measured at the present value of the lease payments not paid at the lease commencement date, discounted using the interest rate implicit in the lease or the Credit Union's incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined. The lease payments included in the measurement of the lease liability comprise of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be payable by the Credit Union under a residual value guarantee, the exercise price of a purchase option that the Credit Union is reasonably certain to exercise and payment of penalties for terminating the lease if the lease term reflects the Credit Union exercising an option to terminate the lease. After the commencement date, the Credit Union measures the lease liability at amortized cost using the effective interest method.

3. Summary of significant accounting policies continued

The Credit Union remeasures the lease liability when there is a change in the lease term, a change in the Credit Union's assessment of an option to purchase the underlying asset, a change in the Credit Union's estimate of amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. On remeasurement of the lease liability, a corresponding adjustment is made to the carrying amounts of the right-of-use asset, or is recorded in profit or loss if the carrying amounts of the right-of-use asset have been reduced to zero.

Loan interest revenue

Loan and lease interest revenue is recognized on the accrual basis using the effective interest rate method for all loans not classified as impaired. When a loan becomes impaired, recognition of interest income ceases when the carrying amount of the loan (including accrued interest) exceeds the estimated realizable amount of the underlying security. The amount of initial impairment and any subsequent changes are recorded through the provision for credit losses as an adjustment of the specific allowance.

Fees that are an integral part of the effective interest rate of the financial instrument, including loan origination, commitment, restructuring and renegotiation fees, are capitalized as part of the related asset and amortized to interest income over the term of the loan using the effective interest method.

Investment interest revenue

Investment interest income is recognized on the accrual basis using the effective interest method. Purchase premiums and discounts are amortized using the effective interest method over the term to maturity of the applicable investment.

Swap interest revenue and expenses

Swap interest revenue and expenses are calculated on an accrual basis on fair value and the result netted for reporting purposes.

Other income

Other revenue is recognized in the fiscal period in which the related service is provided.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the reporting date. Carrying values of non-monetary assets and liabilities measured at historical cost reflect the exchange rates at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value are translated to Canadian dollars at the exchange rate at the date the fair value was determined. Translation gains and losses are included in profit or loss, except for instruments classified as fair value through other comprehensive income, which are recognized in other comprehensive income.

3. Summary of significant accounting policies continued

Income taxes

Income tax expense is comprised of current and deferred taxes which are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts and amounts used for tax purposes. These amounts are measured using enacted or substantially enacted tax rates at the reporting date and re-measured annually for rate changes. Deferred income tax assets are recognized for the benefit of deductions available to be carried forward to future periods for tax purposes to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized. Any effect of the re-measurement or re-assessment is recognized in the period of change, except when they relate to items recognized directly in other comprehensive income. The Credit Union is taxed at an effective rate of 25.4% on taxable earnings eligible for that rate and at 27% on the excess balance.

Deferred taxes are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or for different tax entities where the Credit Union intends to settle its current tax assets and liabilities on a net basis or simultaneously.

4. Cash and cash equivalents

	2021	2020
Cash balances	$ 12,843,578	$ 7,315,686

5. Derivatives

	2021					
	Notional Amounts				Fair values	
	< 1 year	1 to 5 years	>5 years	Total	Asset	Liability
Interest rate derivatives						
Swap contracts	$45,700,000	$65,000,000	$ -	$110,700,000	$228,529	$ -
Forward contracts	$ -	$5,000,000	$15,000,000	$20,000,000	$54,777	$ -

	2020					
	Notional Amounts				Fair values	
	< 1 year	1 to 5 years	>5 years	Total	Asset	Liability
Interest rate derivatives						
Swap contracts	$23,900,000	$70,700,000	$ -	$94,600,000	$2,626,928	$ -

The fair value amounts include accrued interest.

Notional amounts are the contract amounts used to calculate the cash flows to be exchanged. They do not represent credit or market risk exposure. Notional amounts are not exchanged.

The Credit Union has entered into a cash flow hedge to manage a portion of the interest rate risk that arises from the variable interest cash flows associated with its prime based loans. All swap contracts held are cash flow hedges. The net interest income and expense for the hedged and hedging items are recognized in interest income as it is realized. When the hedge results are effective, all gains and losses of the derivative are initially posted to other comprehensive income and are reclassified to income in the period in which the cash flows from the hedged risk are recorded. Any ineffectiveness is immediately recognized in profit or loss.

The following table summarizes the hedge ineffectiveness gains (losses) recognized in profit or loss.

	2021	2020
Cash flow hedges	$ -	$ -

6. Investments

	2021	2020
Fair value through profit or loss:		
SaskCentral shares	$ 7,240,059	$ 7,240,059
Concentra shares	2,000,000	2,000,000
Central 1 bid deposit	-	1,050,018
Central 1 demand deposit	1,000,000	1,000,000
Other investments	3,815,577	3,061,002
Provincial and corporate bonds	38,479,879	38,654,802
Accrued interest	860,819	968,747
	53,396,334	53,974,628
Amortized cost:		
SaskCentral liquidity deposits	65,418,500	64,123,500
SaskCentral demand deposit	8,300,000	63,000,000
	73,718,500	127,123,500
	$ 127,114,834	$ 181,098,128

At December 31, 2021, the market value of investments classified as amortized cost is $73,917,761 (2020 - $128,701,226).

At December 31, 2021, $51,925,381 (2020 - $87,455,927) of investments are expected to be recovered more than 12 months after the reporting date.

Pursuant to Regulation 18(1)(a), credit unions must maintain 10% of total liabilities, using a prescribed formula, in specified liquidity deposits in SaskCentral, in addition to liquidity required to meet their normal cash flow requirements. As of December 31, 2021, the Credit Union met the requirement.

7. Investment property

	Land	Facilities	Total
Cost			
Balance at January 1, 2020	$ 591,983	$1,986,540	$ 2,578,523
Additions	-	-	-
Transfer from property and equipment	-	-	-
Transfer to assets held for sale	-	-	-
Balance at December 31, 2020	$ 591,983	$1,986,540	$ 2,578,523
Balance at January 1, 2021	$ 591,983	$1,986,540	$ 2,578,523
Additions	-	-	-
Transfer from property and equipment	-	-	-
Transfer to assets held for sale	-	-	-
Balance at December 31, 2021	$ 591,983	$1,986,540	$ 2,578,523
Depreciation and impairment losses			
Balance at January 1, 2020	$ -	$ 587,797	$ 587,797
Depreciation expense	-	58,993	58,993
Transfer from property and equipment	-	-	-
Transfer to assets held for sale	-	-	-
Balance at December 31, 2020	$ -	$ 646,790	$ 646,790
Balance at January 1, 2021	$ -	$ 646,790	$ 646,790
Depreciation expense	-	58,735	58,735
Transfer from property and equipment	-	-	-
Transfer to assets held for sale	-	-	-
Balance at December 31, 2021	$ -	$ 705,525	$ 705,525
Net book value			
Balance at December 31, 2020	$ 591,983	$1,339,750	$1,931,733
Balance at December 31, 2021	591,983	1,281,015	1,872,998

7. Investment property continued

		2021		2020
Income related to investment property:				
Rental income	$	210,436	$	214,790
Direct operating expenses		102,692		113,154
	$	107,744	$	101,636

		2021		2020
Future rental payments receivable:				
Not later than one year	$	177,571	$	171,757
Later than one year and not later than five years		736,406		729,876
Later than five years		97,243		281,345
	$	1,011,220	$	1,182,978

8. Loans receivable

			Allowances		2021
	Performing	Impaired	Individual	Collective	Net
Government guaranteed	$111,993,873	$ 3,024,613	$ (67,973)	$ -	$114,950,513
Conventional mortgages					
- Residential	217,318,079	1,846,991	(132,054)	(230,479)	218,802,537
Personal loans	9,212,522	413,648	(94,609)	(67,887)	9,463,674
Foreclosed property	1,094,253	-	-	-	1,094,253
Lines of credit and overdrafts	14,921,464	1,652,621	(146,656)	(101,313)	16,326,116
Non-personal loans	225,308,915	524,340	(349,624)	(1,377,582)	224,106,049
Leases	752,908	-	-	-	752,908
Accrued interest	1,228,680	225,077	-	-	1,453,757
	$581,830,694	$7,687,290	$(790,916)	$(1,777,261)	$586,949,807

8. Loans receivable continued

					2020
			Allowances		
	Performing	**Impaired**	**Individual**	**Collective**	**Net**
Government guaranteed	$115,824,137	$ 1,818,990	$ -	$ -	$117,643,127
Conventional mortgages					
- Residential	235,155,205	3,745,421	(111,085)	(270,024)	238,519,517
Personal loans	10,169,744	538,925	(172,033)	(169,444)	10,367,192
Foreclosed property	2,399,163	-	-	-	2,399,163
Lines of credit and overdrafts	16,626,941	1,733,304	(160,981)	(193,925)	18,005,339
Non-personal loans	173,988,811	2,016,533	(422,911)	(485,638)	175,096,795
Leases	913,829	-	-	-	913,829
Accrued interest	1,269,467	435,584	-	-	1,705,051
	$556,347,297	$10,288,757	$(867,010)	$(1,119,031)	$564,650,013

At December 31, 2021, $417,785,000 (2020 - $310,846,000) of loans are expected to be recovered more than 12 months after the reporting date.

The Credit Union holds collateral against loans to customers in the form of interests over property, other securities over assets, and guarantees. At December 31, 2021, total credit impaired loans were $7,687,290 (2020 - $10,288,757) and are secured by an estimated collateral value of $6,896,375 (2020 - $9,421,746). The allowance for expected credit losses on credit impaired loans is $790,916 (2020 - $867,010).

During the year, the Credit Union administered the advancement and repayment of funds under the Canada Emergency Business Account Program (CEBA) on behalf of the Government of Canada. As the program administrator, the CEBA loans outstanding are not assets of the Credit Union and thus are not recognized in the financial statements. At December 31, 2021, the CEBA loans outstanding totaled $4,724,818 (2020 - $3,710,000).

The following table discloses the reconciliation of the allowance for expected credit losses on loans:

	2021	**2020**
Allowance for expected credit losses - January 1	$ 1,986,041	$ 2,983,385
Change in expected 12 month credit losses	(4,264)	(362,516)
Change in lifetime credit losses related to:		
Assets where credit risk has increased significantly	662,495	85,756
Assets that are credit impaired	(76,095)	(720,584)
Allowance for expected credit losses - December 31	$ 2,568,177	$ 1,986,041

8. Loans receivable continued

The following table discloses the changes in allowance for credit losses:

	2021	2020
Balance at beginning of year	$ 1,986,041	$ 2,983,385
Impairment losses recognized	1,810,194	156,664
Amounts written-off	(1,228,058)	(1,154,008)
Balance at the end of the year	$ 2,568,177	$ 1,986,041

Loans past due but not impaired:

	2021	2020
1 - 30 days	$ 2,657,218	$ 848,289
31 - 60 days	211,706	852,528
61 - 90 days	-	-
91 - 120 days	-	-
120+ days	-	-
Total	$ 2,868,924	$ 1,700,817

9. Other assets

	2021	2020
Accounts receivable	$ 1,425,070	$ 383,788
Deferred income tax assets	759,200	562,100
Income taxes receivable	368,710	827,352
Prepaid expenses	726,329	817,009
	$ 3,279,309	$ 2,590,249

10. Property and equipment

	Land	Building	Furniture and equipment	Total
Cost				
Balance at January 1, 2020	$1,782,898	$9,552,595	$8,033,118	$ 19,368,611
Additions	-	46,811	191,294	238,105
Disposals	-	-	(166,706)	(166,706)
Balance at December 31, 2020	$1,782,898	$9,599,406	$8,057,706	$ 19,440,010
Balance at January 1, 2021	$1,782,898	$9,599,406	$8,057,706	$ 19,440,010
Additions	-	-	370,582	370,582
Disposals	-	-	(14,295)	(14,295)
Balance at December 31, 2021	$1,782,898	$9,599,406	$8,413,993	$ 19,796,297
Depreciation and impairment losses				
Balance at January 1, 2020	$ -	$3,598,209	$6,755,414	$ 10,353,623
Depreciation expense	-	410,156	480,982	891,138
Disposals	-	-	(166,706)	(166,706)
Balance at December 31, 2020	$ -	$4,008,365	$7,069,690	$ 11,078,055
Balance at January 1, 2021	$ -	$4,008,365	$7,069,690	$ 11,078,055
Depreciation expense	-	409,294	444,347	853,641
Disposals	-	-	(4,467)	(4,467)
Balance at December 31, 2021	$ -	$4,417,659	$7,509,570	$ 11,927,229
Net book value				
Balance at December 31, 2020	$1,782,898	$5,591,041	$988,016	$8,361,955
Balance at December 31, 2021	1,782,898	5,181,747	904,423	7,869,068

11. Leases

Right-of-use assets

	Facilities	Other	Total
Cost			
Balance at January 1, 2020	$ 2,627,389	$ 89,783	$ 2,717,172
Balance at December 31, 2020	$ 2,627,389	$ 89,783	$ 2,717,172
Balance at January 1, 2021	$ 2,627,389	$ 89,783	$ 2,717,172
Balance at December 31, 2021	$ 2,627,389	$ 89,783	$ 2,717,172
Amortization and impairment losses			
Balance at January 1, 2020	$ 900,444	$ 52,373	$ 952,817
Amortization	187,229	29,928	217,157
Balance at December 31, 2020	$ 1,087,673	$ 82,301	$ 1,169,974
Balance at January 1, 2021	$ 1,087,673	$ 82,301	$ 1,169,974
Amortization	187,229	7,482	194,711
Balance at December 31, 2021	$ 1,274,902	$ 89,783	$ 1,364,685
Carrying value			
Balance at December 31, 2020	1,539,716	7,482	1,547,198
Balance at December 31, 2021	1,352,487	-	1,352,487

Lease payments and expense

	2021	2020
Interest expense on lease liabilities	$ 59,243	$ 66,151
Expenses relating to variable lease payments	113,009	109,190
Total amounts recognized in profit or loss	172,252	175,341
Repayment of lease liabilities	187,735	204,504
Total cash outflow for leases	$ 359,987	$ 379,845

The variable lease payments that are not included in the calculation of the lease liability include operating costs associated with the lease that are not based on index or rate. The lease liability carrying value at December 31, 2021 is $1,590,842 (2020 - $1,778,577).

12. Intangible assets

	Purchased Software	Naming Rights	Total
Cost			
Balance at January 1, 2020	$ 36,959	$ 2,205,000	$ 2,241,959
Acquisitions	893,594	-	893,594
Balance at December 31, 2020	$ 930,553	$ 2,205,000	$ 3,135,553
Balance at January 1, 2021	$ 930,553	$ 2,205,000	$ 3,135,553
Acquisitions	1,561,333	-	1,561,333
Balance at December 31, 2021	$ 2,491,886	$ 2,205,000	$ 4,696,886
Amortization and impairment losses			
Balance at January 1, 2020	$ 5,619	$ 930,285	$ 935,904
Amortization	51,880	182,458	234,338
Balance at December 31, 2020	$ 57,499	$ 1,112,743	$ 1,170,242
Balance at January 1, 2021	$ 57,499	$ 1,112,743	$ 1,170,242
Amortization	151,351	181,960	333,311
Balance at December 31, 2021	$ 208,850	$ 1,294,703	$ 1,503,553
Carrying value			
Balance at December 31, 2020	$ 873,054	$ 1,092,257	$ 1,965,311
Balance at December 31, 2021	2,283,036	910,297	3,193,333

The carrying amount of intangible assets includes assets under development at December 31, 2021 of $1,662,087 (2020 - $NIL).

13. Deposits

	2021	2020
Chequing	$ 168,225,421	$ 183,604,494
Savings	89,943,113	69,981,066
Term deposits	256,325,513	267,562,152
Registered accounts	136,356,567	138,240,399
Accrued interest	2,275,886	3,628,181
	$ 653,126,500	$ 663,016,292

At December 31, 2021, $139,728,000 (2020 - $138,252,000) of deposits are expected to be settled more than 12 months after the reporting date.

14. Loans payable

SaskCentral:

The Credit Union has an authorized line of credit with SaskCentral in the amount of $7,700,000 (2020 - $8,000,000) bearing an interest rate of prime less 0.50%. Prime was 2.45% at December 31, 2021. Additionally, the Credit Union has a US dollar denominated line of credit with SaskCentral in the amount of $100,000 bearing an interest rate of 3.75%. At December 31, 2021 and 2020, the Credit Union had no outstanding balances on its SaskCentral line of credit facilities.

The Credit Union has access to a commercial paper facility in the amount of $3,800,000 (2020 - $12,000,000) through SaskCentral. Under the program, the Credit Union may request drawings up to the established limit. The principal amount and interest are due on the maturity date of the commercial paper issued by SaskCentral. The interest rate payable is the commercial paper market term rate as establish plus 0.375%. As of December 31, 2021, the Credit Union has drawn $3,500,000 (2020 - $NIL), bearing an interest rate of 0.67% (2020 – $NIL). Additionally, in 2021, the Credit Union acquired a short-term repo credit facility in the amount of $3,800,000 (2020 - $NIL) with SaskCentral. The interest rate payable on this short-term repo credit facility is the Bank of Canada overnight rate plus 0.50%. The Credit Union has no outstanding balances on its short-term repo credit facility with SaskCentral.

All SaskCentral bank indebtedness agreements are secured by general security agreements registered against the assets of the Credit Union.

Concentra Bank:

The Credit Union has a secured quick line (revolving credit facility) in the amount of $40,000,000 from Concentra Bank. The intended purpose of the credit facility is to support the Credit Union’s liquidity needs in extending loans to members and to finance any other operating requirements. The credit facility is secured by residential mortgages equaling 110% of the credit limit insured by CMHC or Sagen (Genworth Financial Corporation), as well as a second charge security interest against the assets of the Credit Union. The interest rate payable under this facility is the three-month CDOR rate plus 1.00%, with an annual standby fee of 0.20%. This secured credit facility, replaces an unsecured quick line credit facility in the amount of $10,000,000 maintained with Concentra Bank in 2020. At December 31, 2021 and 2020, the Credit Union had no outstanding balances on its Concentra Bank quick line credit facilities.

15. Secured borrowing

The Credit Union has transferred an amortizing ownership interest in various qualifying residential mortgage receivables to various investors through the National Housing Act (NHA) Mortgage Backed Securities (MBS) Program. During 2021, $NIL (2020 - $12,772,244) has been transferred. The Credit Union retains the responsibility for servicing the qualifying residential mortgage receivables. Under the program, the Credit Union has an obligation to forward principal and interest amounts as per each individual mortgage agreement loans to Canada Mortgage and Housing Corporation (CMHC) monthly, whether or not it receives payments from mortgagees. The Credit Union retains certain prepayment risk, timely payment guarantee risk and interest rate risk related to the transferred mortgages. Due to retention of these risks, transferred mortgages are not derecognized and the securitization proceeds are accounted for as secured borrowings. There are generally no expected credit losses on the securitized mortgage assets, as the mortgages are insured against default. Further, investors and CMHC have no recourse against other assets of the Credit Union in the event of failure of mortgages.

Mortgage loans are pledged against the MBS issuances. As a requirement of the MBS program, the Credit Union assigns and transfers to CMHC, all of its rights, title, and interest in existing mortgage pools. If the Credit Union fails to make timely payments under the MBS security, CMHC may enforce assignment to CMHC of the mortgages included in the mortgage pools backing the securities issued. If CMHC enforces the assignments, all authority and power of the Credit Union under the terms of the MBS guide, whether with respect to securities issued or mortgages pooled in the contract, shall pass to and be vested with CMHC.

The associated liability, secured by these loans, is carried at amortized cost and included in secured debt on the consolidated statement of financial position. The associated liability at December 31, 2021, is recorded net of unamortized transaction costs of $91,121 (2020 - $220,118).

As part of its liquidity management strategy, the Credit Union retains part of its issued NHA MBS certificates. NHA MBS certificates that have retained by the Credit Union are $10,873,824 (2020 - $12,772,244) with a fair value of $10,621,114 (2020 - $12,621,157). These unsold NHA MBS certificates are reported in loans receivable in the consolidated statement of financial position.

The following table summarized the carrying amounts and the secured debt maturities:

	2021		2020	
	Loan Assets	Secured Debt	Loan Assets	Secured Debt
Less than 1 year	$ 8,761,715	$ 8,822,865	$ 17,042,834	$ 17,042,834
1 year and over	10,320,379	10,263,622	23,377,243	23,282,955
Total securitization	$ 19,082,094	$ 19,086,487	$ 40,420,077	$ 40,325,789

The following table illustrates the fair value of the transferred assets, the associated liabilities and the resulting net position:

	2021	2020
Fair value of transferred assets	$ 19,082,094	$ 40,420,077
Less: fair value of secured debt	19,225,758	41,154,044
Net position	$ (143,664)	$ (733,967)

16. Other liabilities

	2021	2020
Accounts payable	$ 2,748,353	$ 2,088,987
Unearned revenue - loan admin fees	1,575	-
	$ 2,749,928	$ 2,088,987

17. Membership shares and equity accounts

Membership shares

Membership shares are as provided for by *The Credit Union Act, 1998* and administered according to the terms of the Credit Union bylaws which sets out the rights, privileges, restrictions and conditions.

The authorized share capital is unlimited in amount and consists of fully paid shares with a par value of $5 per share. These accounts are not guaranteed by CUDGC. Characteristics include permanence, freedom from mandatory charge and subordination to the rights of creditors and depositors.

18. Capital management

Credit Union Deposit Guarantee Corporation (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. CUDGC's Standards of Sound Business Practice (SSBP) that incorporate the Basel III framework took effect on July 1, 2013.

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 1250% 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 total tier 1 capital to risk-weighted assets of 6% and a minimum common equity tier 1 capital to risk-weighted assets of 4.5%. Eligible capital consists of total tier 1 and tier 2 capital. In addition to the minimum capital ratios, the Credit Union is required to hold a capital conservation buffer of 2.5% effective January 1, 2016. The capital conservation buffer is designed to avoid breaches of the minimum capital requirement.

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 the 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. 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.

18. Capital management continued

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. All items deducted from capital are excluded from total assets.

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 2021:

	Regulatory Standards	Board Minimum
Total eligible capital to risk-weighted assets	10.5%	12-14%
Total tier 1 capital to risk-weighted assets	8.5%	12-14%
Common equity tier 1 capital to risk-weighted assets	7%	12-14%
Leverage ratio	5%	5.5%

18. Capital management continued

During the year, the Credit Union complied with all internal and external capital requirements. The following table summarizes key capital information:

	2021	2020
Eligible capital:		
CET1 capital comprises:		
Retained earnings	$ 64,748,494	$ 63,216,719
Accumulated other comprehensive income (loss)	(116,896)	1,565,717
Deductions from CET1 capital:		
Intangible assets	(3,193,333)	(1,965,311)
Deferred tax assets	(759,201)	(232,500)
Eligible CET1 capital	60,679,064	62,584,625
Additional tier 1 capital	-	-
Total eligible tier 1 capital	60,679,064	62,584,625
Tier 2 capital comprises:		
Membership capital	73,365	95,120
Collective allowance	1,777,261	1,119,031
Total tier 2 capital	1,850,626	1,214,151
Total eligible capital	$ 62,529,690	$ 63,798,776
Risk-weighted assets	$ 442,113,011	$ 428,141,511
Total eligible capital to risk-weighted assets	14.14%	14.90%
Total tier 1 capital to risk-weighted assets	13.72%	14.62%
Common equity tier 1 capital to risk-weighted assets	13.72%	14.62%
Leverage ratio	7.98%	7.72%

19. Related party transactions

Related parties exist when one party has the ability to directly or indirectly exercise control, joint control or significant influence over the other or is a member, or close family member of a member, of the key management personnel of the Credit Union. Related party transactions are in the normal course of operations and are measured at the consideration established and agreed to by the parties.

Loans receivable:

At December 31, 2021, certain members of the board of directors and key management personnel were indebted to the Credit Union for amounts totaling $3,860,615 (2020 - $4,054,654). These loans were granted under the same lending policies applicable to other members, and are included in loans receivable on the statement of financial position.

Deposit accounts:

Directors and key management personnel may hold deposit accounts totaling $1,392,573 (2020 - $1,432,593). These accounts are maintained under the same terms and conditions applicable to other members, and are included in member deposits on the consolidated statement of financial position.

Remuneration:

Compensation provided to directors and key management personnel, consisting of the following:

	2021	2020
Board of Directors		
Salaries and other short-term benefits	$ 85,684	$ 69,941
Senior Leadership Team		
Salaries and other short-term benefits	1,210,565	1,097,163
Post-employment benefits	77,283	60,556
Termination benefits	-	35,866
	$ 1,373,532	$ 1,263,526

20. Classification and fair value of financial instruments

The following table summarizes the carrying amount and fair values of the Credit Union's financial instruments.

	2021		2020	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
FINANCIAL ASSETS				
Cash and cash equivalents	$ 12,843,578	$ 12,843,578	$ 7,315,686	$ 7,315,686
Investments	127,114,834	127,129,208	181,098,128	182,423,483
Loans	586,949,807	588,871,532	564,650,013	568,058,934
Derivative assets	283,306	283,306	2,626,928	2,626,928
Other assets	1,554,542	1,554,542	404,508	404,508
FINANCIAL LIABILITIES				
Deposits	653,126,500	655,257,446	663,016,292	666,532,000
Loans payable	3,500,000	3,500,000	-	-
Secured borrowing	19,086,487	19,225,758	40,325,789	41,154,044
Membership shares	73,365	73,365	95,120	95,120
Lease liabilities	1,590,842	1,590,842	1,778,577	1,778,577
Other liabilities	2,749,928	2,749,928	2,088,987	2,088,987

The following methods and assumptions were used to estimate fair values of financial instruments:

The fair values of short term financial instruments including cash, other assets, and other liabilities are approximately equal to their book values due to their short term nature.

Fair values of investments are based on quoted market prices, when available, or quoted market prices of similar investments.

For variable interest rate loans that re-price frequently, fair values approximate book values. Fair values of other loans are estimated using discounted cash flow calculations with market interest rates for similar groups of loans.

The fair values of deposits with unspecified maturity terms are approximately equal to their carrying values. Fair values for other deposits and loans payable with specified maturity terms is estimated using discounted cash flow calculations at market interest rates for similar groups of deposits.

20. Classification and fair value of financial instruments continued

The fair values of derivative financial instruments are estimated by reference to the appropriate current market yields with matching terms of maturity. The fair values reflect the estimated amount that the Credit Union would receive or pay to terminate the contracts at the reporting date.

The following table provides an analysis of financial instruments measured at fair value at the end of the reporting period, by the fair value hierarchy into which the fair value measurement is categorized:

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS				
SaskCentral shares	$ -	$ -	$ 7,240,059	$ 7,240,059
Concentra shares	-	-	2,000,000	2,000,000
Derivative assets	-	283,306	-	283,306
Central 1 demand deposits	1,000,179	-	-	1,000,179
Other investments	-	-	3,540,617	3,540,617
Provincial and corporate bonds	-	39,155,631	-	39,155,631
Total	$ 1,000,179	$39,438,937	$12,780,676	$53,219,792

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS				
SaskCentral shares	$ -	$ -	$ 7,240,059	$ 7,240,059
Concentra shares	-	-	2,000,000	2,000,000
Derivative assets	-	2,626,928	-	2,626,928
Central 1 bid deposits	-	1,050,374	-	1,050,374
Central 1 demand deposits	1,000,346	-	-	1,000,346
Other investments	-	-	3,212,241	3,212,241
Provincial and corporate bonds	-	39,219,236	-	39,219,236
Total	$ 1,000,346	$42,896,538	$12,452,300	$56,349,184

21. Financial instrument risk management

Credit risk

Credit risk is the risk of financial loss to the Credit Union if a customer or counterparty defaults on its contractual payment obligations. Credit risk may arise from loans, receivables and investments.

Credit risk is managed in accordance with policies and procedures established by the Board of Directors. In addition, CUDGC establishes standards with which the Credit Union must comply. The Credit Union's Board has established lending policies and procedures which outline the minimum standards and criteria for granting credit to borrowers. Certain types of lending are subject to an annual review process to ensure that standards continue to be met. Accounts which are deemed to be of higher than average risk are monitored more frequently. Policy and procedures also specify the type of assets which may be taken as collateral and the techniques for valuation.

The Credit Union has established credit limits for individual borrowers to manage overall credit risk of the portfolio and establish parameters for credit diversification. The maximum aggregate credit per member is limited to 25% of capital. The established portfolio mix for 2021 is:

	Board objectives	Actual
Consumer	63%	60%
Commercial	37%	40%

Except as otherwise noted below, the carrying amount of the financial assets recognized in the financial statements, which is net of impairment losses, represents the Credit Union's maximum exposure to credit risk, without taking into account collateral or other credit enhancements held.

The following table discloses the Credit Union's exposure to credit risk by risk rating grades:

	Loans	Investments
Stage 1 Remote / Low Risk	$ 528,248,457	$ 127,114,834
Stage 2 Moderate Risk	51,014,060	-
Stage 3 Higher Risk	7,687,290	-
Total	$ 586,949,807	$ 127,114,834

21. Financial instrument risk management continued

Liquidity risk

Liquidity risk is the risk of financial loss to the Credit Union in the event that the Credit Union is unable to generate or obtain the necessary cash or cash equivalents in a timely manner, at a reasonable price, to meet its financial commitments as they come due.

Liquidity risk is managed in accordance with policies and procedures established by the Board of Directors. In addition, CUDGC establishes standards to which the Credit Union must comply. The Credit Union's primary liquidity risk policies and procedures include policies for minimum liquidity holdings, monthly monitoring and access to additional short term financing.

The Credit Union enters into transactions to purchase goods and services on credit and/or borrow funds for which repayment is required at various maturity dates, including processing the financial transactions of borrowers and depositors. Liquidity risk is measured by reviewing the Credit Union's future cash flows for the possibility of a negative net cash flow. The contractual maturities of financial liabilities can be found within the table under interest rate risk below.

Liquidity coverage ratio

The liquidity coverage ratio (LCR) is a regulatory requirement of CUDGC. The minimum LCR requirement of 100% was effective January 1, 2019. The objective of the LCR is to ensure 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.

21. Financial instrument risk management continued

Inflow and outflow values are calculated as outstanding balances maturing or callable within 30 days of various types of liabilities, off-balance sheet items or contractual receivables. These items are weighted after the application of haircuts (for HQLA) and inflow and outflow rates are prescribed by CUDGC. The LCR is calculated as the weighted value of HQLA divided by the weighted value of total net cash outflows.

	2021		2020	
	Actual	**Weighted**	**Actual**	**Weighted**
High quality liquid assets (HQLA):				
Level 1 assets	$ 49,354,339	$ 49,354,339	$ 93,866,193	$ 93,866,193
Level 2A assets	6,338,410	5,387,648	7,382,510	6,275,133
Level 2B assets	35,060,451	9,660,351	41,108,798	17,671,999
Total HQLA	90,753,200	64,402,338	142,357,501	117,813,325
Cash outflows:				
Stable retail deposits	$ 35,816,282	$ 1,790,814	$ 33,524,569	$ 1,676,229
Less stable retail deposits	179,481,070	17,948,107	166,481,332	16,648,133
Unsecured wholesale funding/deposits	162,831,851	10,618,793	90,710,705	13,171,739
Secured wholesale funding	-	-	-	-
Other contractual funding obligations	181,397,550	9,893,186	163,886,894	10,709,953
Total cash outflows	559,526,753	40,250,900	454,603,500	42,206,054
Cash inflows:				
Inflows from loan repayments	$ 2,926,196	$ 1,463,098	$ 2,922,996	$ 1,461,498
Inflows from other counterparties not included in HQLA	3,645,191	3,645,191	445,816	445,816
Total cash inflows	6,571,387	5,108,289	3,368,812	1,907,314
Cash inflows after CUDGC maximum inflow cap applied, if required	-	-	-	-
Total net cash outflows	$ -	$ 35,142,611	$ -	$ 40,298,740
Quarterly LCR History				
At March 31		264%		234%
At June 30		167%		207%
At September 30		136%		284%
At December 31		183%		292%

21. Financial instrument risk management continued

As the LCR is a CUDGC prescribed standard, when a credit union is not in compliance, CUDGC may take any necessary action. Necessary action may include, but is not limited to:

- Reducing or restricting the credit union's authorities and limits;
- Subjecting the credit union to preventive intervention;
- Issuing a compliance order;
- Placing the credit union under supervision or administration; and
- Issuing an amalgamation order.

The Credit Union has met and complied with its 2021 internal LCR limit of 110% and the CUDGC limit of 100% for 2021.

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 risk is managed in accordance with policies and procedures established by the Board of Directors. In addition, CUDGC establishes standards to which the Credit Union must comply. The Credit Union's primary market risk policies and procedures include policies for maximum mismatch levels, quarterly monitoring and adjusting product mix to address match position.

The primary market risk that the Credit Union is exposed to is interest rate risk. Interest rate risk is the potential adverse impact on the earnings due to changes in interest rates. The Credit Union's exposure to interest rate risk arises primarily from timing differences in the re-pricing of assets and liabilities, including financial assets and liabilities with fixed and floating rates. The Credit Union's exposure to interest rate risk can be measured by the mismatch or gap, between the assets, liabilities and off balance sheet instruments scheduled to mature or re-price on particular dates. Gap analysis measures the difference between the amount of assets and liabilities that re-price in specific time periods.

To manage exposure to interest rate fluctuations and to manage asset and liability mismatch, the Credit Union may enter into interest rate swaps. These minimize the interest rate risk and cash required to liquidate the contracts by entering into counter balancing positions. The Credit Union used interest rate swaps in the current year.

21. Financial instrument risk management continued

The table below summarizes the carrying amounts of financial instruments exposed to interest rate risk by the earlier of the contractual re-pricing/maturity dates. Re-pricing dates are based on the earlier of maturity or the contractual re-pricing date and effective interest rates, where applicable, represent the weighted average effective yield.

2021 (in $ thousands)

	On Demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest sensitive	Total
ASSETS							
Total assets	$ 200,339	$ 40,296	$ 120,829	$ 345,273	$ 6,085	$ 31,936	$ 744,758
Effective rate	3.38%	2.59%	2.76%	2.66%	3.34%		2.76%
LIABILITIES							
Total liabilities	35,180	68,306	183,684	149,567	48	307,973	744,758
Effective rate	0.59%	0.96%	0.91%	1.56%	1.45%		0.68%
On-balance sheet gap	$ 165,159	$ (28,010)	$ (62,855)	$ 195,706	$ 6,037	$ (276,037)	$ -
Derivatives	(110,700)	15,000	30,700	65,000	-	-	-
Net mismatch	$ 54,459	$ (13,010)	$ (32,155)	$ 260,706	$ 6,037	$ (276,037)	$ -

2020 (in $ thousands)

	On Demand	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest sensitive	Total
ASSETS							
Total assets	$ 225,429	$ 42,158	$ 134,837	$ 328,996	$ 4,983	$ 35,684	$ 772,087
Effective rate	2.80%	3.39%	2.73%	3.13%	3.03%		2.83%
LIABILITIES							
Total liabilities	27,736	61,682	211,508	159,160	7	311,994	772,087
Effective rate	0.31%	1.79%	1.64%	2.20%	0.85%		1.08%
On-balance sheet gap	$ 197,693	$ (19,524)	$ (76,671)	$ 169,836	$ 4,976	$ (276,310)	$ -
Derivatives	(94,600)	-	23,900	70,700	-	-	-
Net mismatch	$ 103,093	$ (19,524)	$ (52,771)	$ 240,536	$ 4,976	$ (276,310)	$ -

The above tables do not identify management’s expectations of future events where re-pricing and maturity dates differ from contractual dates.

A 1% increase in interest rates with all other variable held constant would result in an increase in the Credit Union’s profit for the year ended December 31, 2021 of $255,000 (2020 - increase of $643,000). A 1% decrease in interest rates with all other variable held constant would result in a decrease in the Credit Union’s profit for the year ended December 31, 2021 of $127,000 (2020 - decrease of $226,000). The Credit Union uses simulation modeling to simulate the effect of a change in the market rate of interest.

22. Income taxes

Income tax expense is comprised of:

	2021	2020
Current tax expense		
Current period	$ 720,006	$ (467,627)
	720,006	(467,627)
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	(197,100)	1,257,300
	(197,100)	1,257,300
Total income tax expense	$ 522,906	$ 789,673

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2021	2020
Income before provision for income taxes	$ 2,054,681	$ 3,113,892
Combined federal and provincial tax rate	27.00%	27.00%
Income tax expense at statutory rate	554,764	840,751
Adjusted for the effect of:		
Non-deductible expenses	696	682
Non-taxable income	(32,922)	(53,521)
Other	368	1,761
	$ 522,906	$ 789,673

22. Income taxes continued

Deferred income tax assets and liabilities recognized are attributable to the following:

	2021	2020
Deferred income tax assets		
Property and equipment	$ -	$ 4,800
Loans	501,200	325,300
Non-capital loss carryforward	287,000	232,500
	$ 788,200	$ 562,600
Deferred income tax liabilities		
Property and equipment	$ 29,000	$ -
Other	-	500
	29,000	500
Net deferred income taxes	$ 759,200	$ 562,100

	2021	2020
Deferred tax assets		
- To be recovered after more than 12 months	$ -	$ 4,800
- To be recovered within 12 months	$ 788,200	$ 557,800
Deferred income tax liabilities		
- To be recovered after more than 12 months	$ 29,000	$ 500

23. Commitments

Commitments subject to credit risk

In addition, in the normal course of business, the Credit Union has entered into various commitments to extend credit that are not reported on the statement of financial position, including guarantees and letters of credit. The primary purpose of these contracts is to make funds available for the financing needs of customers. These are subject to normal credit standards, financial controls, risk management and monitoring procedures.

Guarantees and standby letters of credit represent irrevocable commitments that the Credit Union will make payments in the event that a customer can not meet its obligations to third parties, and they carry the same risk, recourse and collateral security requirements as loans extended to customers. Commercial letters of credit are instruments issued on behalf of a customer authorizing a third party to draw drafts on the Credit Union up to a stipulated amount subject to specific terms and conditions. The Credit Union is at risk for any drafts drawn that are not ultimately settled by the customer, but the amounts are collateralized by the goods to which they relate. Commitments to extend credit represent unutilized portions of authorizations to extend credit in the form of loans, bankers' acceptances or letters of credit.

23. Commitments continued

The amounts reported below represent the maximum credit exposure for commitments to extend credit. Many of these contracts expire without being drawn upon, thereby reducing the Credit Union's credit risk from the maximum commitment. As many commitments will expire or terminate without being funded, the amounts shown on the table below do not necessarily represent future cash requirements.

	2021	2020
Undrawn lines of credit	$ 136,508,851	$ 112,577,136
Letters of credit	1,075,018	364,000
Commitments to extend credit	42,671,514	53,258,438

In 2021, the Credit Union entered into an agreement to purchase units in the Westcap MBO III Investment Fund. The Credit Union makes advances to the Fund when requested which decreases the remaining commitment. Redemption of units does not increase the total remaining commitment to the Fund. At the end of December 2021, the Credit Unon has advanced $NIL of their total commitment of $1,000,000 to the Westcap MBO III Investment Fund. This commitment is represented in the table above in Commitments to extend credit.

Other commitments

The Credit Union has entered into other commitments for the provision of banking system services. Future estimated payments for these commitments are as follows:

2022	$ 1,128,000
2023	488,000
2024	495,000
2025	361,000
2026	269,000
Thereafter	933,000

In the table above, property and equipment commitments total $NIL and intangible asset commitments total $637,000.

24. Employee future benefits

The Credit Union's employee future benefit program consists of a defined contribution pension plan. Credit Union contributions to the defined contribution plan are expensed as incurred. The Credit Union has no legal or constructive obligation to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Pension benefits of $485,637 (2020 - $468,217) were paid to defined contribution retirement plans during the year.

25. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation in the current year.

TCU FINANCIAL GROUP CREDIT UNION
SCHEDULE OF NON-INTEREST EXPENSES
(Unaudited - See Note Below)
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

SCHEDULE 1

	2021	2020
General business		
Audit and professional services	$ 637,756	$ 713,836
Business development	256,401	273,564
Cash shortage	699	3,184
Computer costs	1,805,574	1,509,919
Service charges, clearing fees	968,330	923,675
Telephone, postage, courier	160,629	163,219
Other general business	1,552,483	1,315,337
	$ 5,381,872	$ 4,902,734
Occupancy		
Amortization - building	$ 996,051	$ 868,764
Maintenance, taxes, insurance - building	648,543	660,917
Utilities	153,975	171,818
	$ 1,798,569	$ 1,701,499
Organizational		
Annual meeting	$ 1,620	$ 3,402
SaskCentral dues	49,218	51,544
Development - officials	8,728	6,215
Remuneration - officials	85,749	70,824
Other organizational	14,686	44,330
	$ 160,001	$ 176,315

TCU FINANCIAL GROUP CREDIT UNION
SCHEDULE OF NON-INTEREST EXPENSES
(Unaudited - See Note Below)
FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for the year ended December 31, 2020)

SCHEDULE 1 - Continued

	2021	2020
Personnel		
Benefits	$ 1,314,276	$ 1,216,166
Development	91,812	69,385
Salaries	8,221,870	8,025,412
Other personnel expenses	257,810	91,930
	$ 9,885,768	$ 9,402,893
Security		
Bonding insurance	$ 71,205	$ 68,662
Deposit guarantee assessment	527,510	498,413
	$ 598,715	$ 567,075

CREDIT UNION DEPOSIT GUARANTEE CORPORATION
ANNUAL REPORT MESSAGE 2021

January 2022

Credit Union Deposit Guarantee Corporation (the Corporation) is the deposit guarantor for Saskatchewan credit unions. The corporation is also the primary regulator for credit unions and Credit Union Central of Saskatchewan (SaskCentral). Together, these entities are considered Provincially Regulated Financial Institutions or "PRFIs". The Corporation is mandated through provincial legislation, *The Credit Union Act, 1998* and *The Credit Union Central of Saskatchewan Act, 2016* in performing its duties. Provincial legislation also assigns responsibility for oversight of the Corporation to the Registrar of Credit Unions at the Financial and Consumer Affairs Authority of Saskatchewan.

The Corporation was the first deposit guarantor in Canada and has successfully guaranteed deposits since it was established in 1953. By promoting responsible governance and prudent management of capital, liquidity and guaranteeing deposits, the Corporation contributes to confidence in Saskatchewan PRFIs.

For more information about the Corporation's responsibilities and its role in promoting the strength and stability of Saskatchewan PRFIs, consult the Corporation's web site at www.cudgc.sk.ca.

Officers & Vice Presidents

Greg Peacock, Chief Executive Officer

Greg has over 27 years of experience within the financial services industry, over 26 years of experience of which has been within the credit union system, all with TCU Financial Group. Throughout these years, Greg has been involved in many aspects of the Credit Union including Loans Officer, Accountant, Finance Manager and Branch Manager. Greg assumed the role of Chief Executive Officer in June 2020. He provides the overall management and leadership of TCU Financial Group in achieving its strategic objectives including improving the well-being of its members and its communities. Greg was born and raised in Saskatoon and graduated with a Bachelor of Commerce from the University of Saskatchewan. In his spare time he enjoys spending time at the lake with his wife and son. Greg volunteers his time as a Director for the Saskatoon Hilltop Football Club.

Jason Bazinet, Chief Financial Officer

Jason has more than 20 years of experience in the financial services industry and has worked in the areas of wealth management, credit union regulation, risk analytics, internal audit and finance. This diverse and substantial background has enabled him to build a solid framework for delivering and executing innovative solutions to complex and dynamic strategic challenges. He takes great pride in positioning credit unions as a collaborative community partner – working with leaders from the municipal, health, education, and business sectors to ensure the communities a credit union serves remain economically viable, sustainable, and prosperous.

Prior to joining TCU Financial Group in 2021, Jason had previously served as the Chief Financial Officer and Chief Risk Officer with Synergy Credit Union. Jason has also worked for both the Saskatchewan and Alberta Credit Union Deposit Guarantee Corporations, where he played a key role in the research, development and implementation of their respective risk-based supervisory systems.

Jason holds a Bachelor of Business Administration degree from the University of Regina. In 2017, he completed the CUES' Strategic Innovation Institute at Stanford University and was awarded the Certified Innovation (CIE) designation. He also completed the Professional Director certification program through the Johnson-Shoyama Graduate School of Public Policy and Governance Solutions in 2016.

Robb Elchuk, Chief Risk Officer

Robb joined the TCU Financial Group Executive team in September 2021, bringing more than 20 years of risk, compliance, regulatory policy and leadership experience to the role. The majority of his professional experience is in the credit union system, including leadership roles with CUETS Financial, Credit Union Deposit Guarantee Corporation, and Wyth Financial. Robb stewards TCU Financial Group's Risk Management and Compliance functions and ensures the organization has effective systems to identify, measure, monitor and report on the risks of the organization. Robb holds a Bachelor of Commerce degree from the University of Saskatchewan and a Master of Business Administration degree from the University of Regina.

In his spare time, Robb is the Board Chair of the Saskatchewan Sports Hall of Fame. He enjoys spending time with his wife and two daughters, vacationing at the lake, watching the Toronto Blue Jays and playing softball.

Kathy Styranko, Chief Operating Officer

With 40 + years in the financial services industry, Kathy's experience covers all facets of the business including sales, support, compliance and risk management and leadership roles at various levels. Kathy joined TCU Financial Group in 2003 and moved into her current role in October of 2020 after several years involved in setting foundational risk based frameworks for key areas of TCU Financial Group as the former Chief Risk Officer. Kathy's extensive sales background combined with her work in risk management sets the stage for strategic leadership to all areas of the Member Experience delivery teams. Kathy is an empowering and inspirational leader who looks to bring out the best in others and remove obstacles in order to provide direction to her teams and support a holistic, consistent member experience that transcends traditional business lines. A believer in lifelong learning, she completed the Masters Certificate in Risk Management and Business Performance at the Schulich Executive Education Center, York University in 2019 as well as the Certified Credit Union Director (CCD) designation via Rotman School of Business, University of Toronto also in 2019.

Officers & Vice Presidents

Dawn Bell, Vice President, Governance and Compliance

Dawn has spent the last 24 years working in the financial industry. Dawn has both a Bachelor of Arts degree and a Bachelor of Laws degree from the University of Saskatchewan and is a non-practicing lawyer. Her professional experience includes people and operations management, regulatory compliance and risk management, as well as strategic planning. Dawn has also attained her Certified Credit Union Director (CCD) designation. As part of her role, Dawn is filling the following positions: Chief Compliance Officer, Chief Anti-Money Laundering Officer, Chief Privacy Officer, and Complaints Officer.

Ronél Eglington, Vice President, People and Culture

Ronél came to TCU Financial Group in 2008 after a successful career in South Africa. Ronél's honors degree in Organizational Psychology with a double major in marketing/public relations, has allowed her to have a broad understanding of the business world. Her retail focus made it easy to transition to the world of finance. During her career at TCU Financial Group, she has focused on aligning HR practices with TCU Financial Group's progressive strategic focus. In this regard, activities to refocus organizational culture linked to pro-active employee development initiatives have helped strengthen the organization.

Chris MacLean, Vice President, Member Experience

Chris came to TCU Financial Group in 2018 after having spent his career in sales and business relationship management in the Financial Services industry. Chris has a Bachelor of Commerce degree with a finance major, convocating with great distinction from the University of Saskatchewan. Chris is responsible for creating and enabling a consistent, holistic experience that educates and improves the wellbeing of our members. Utilizing clear leadership and his passion for excellent member service, Chris is focused on creating teams that transcend traditional business lines in order to create value for TCU Financial Group members.

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