TCU Financial Group

2023

Annual Report

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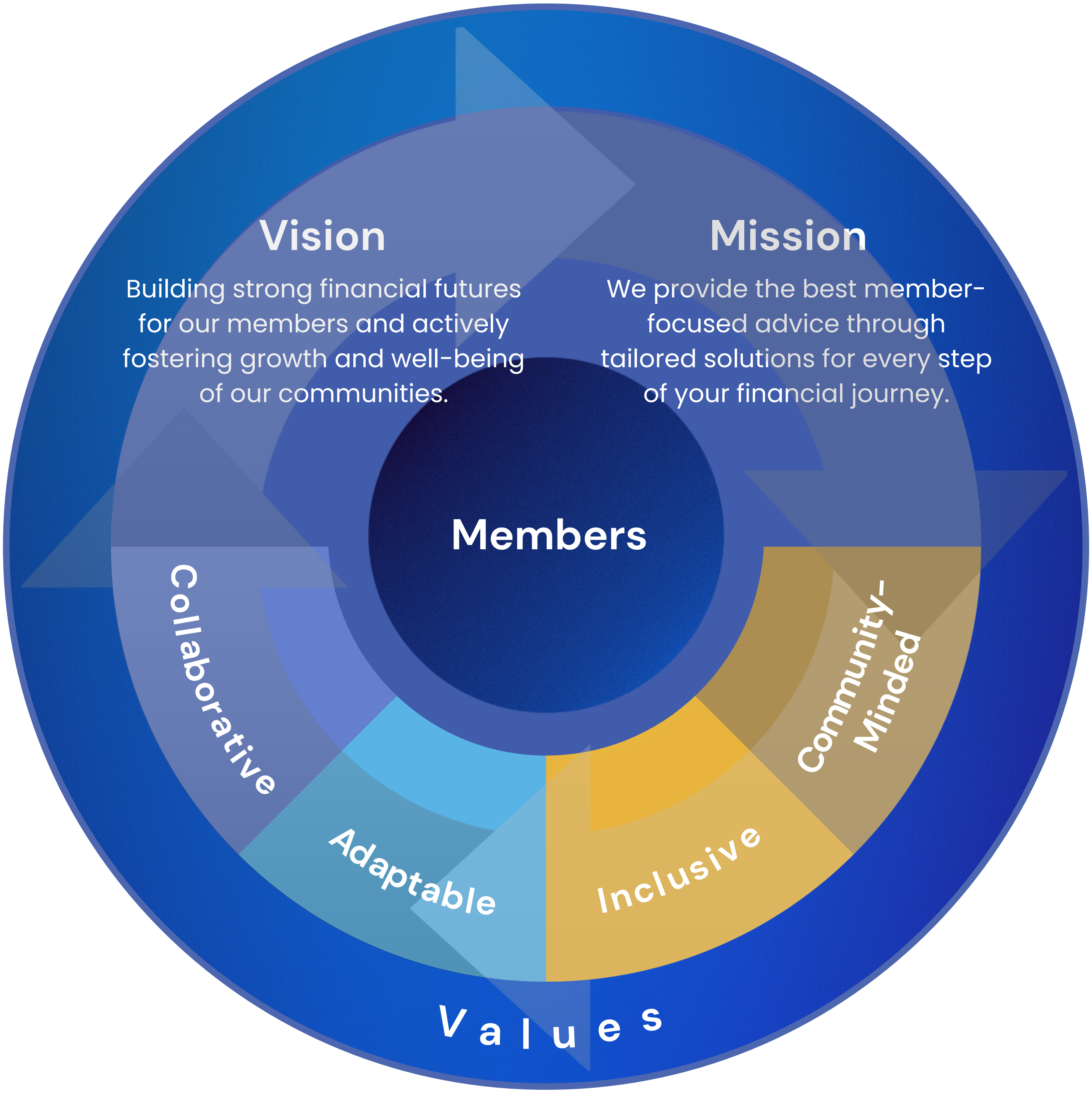
Vision, Mission & Values



Message from Board of Directors' Chair and Chief Executive Officer

On behalf of the Board and the entire TCU Financial Group team, we are pleased to provide an overview of TCU Financial Group Credit Union (TCU) for 2023.

The last two years have been challenging as we experienced the steepest series of interest rate hikes seen in decades. This resulted in increased housing costs and elevated consumer prices with retail activity slowing down significantly in 2023, primarily driven by a decrease in discretionary spending. The possibility of rates decreasing are contingent on the Bank of Canada seeing core inflation on a sustained path back to the 2% target and downward momentum in core inflation to reduce rates. Even though the Bank of Canada identifies that a rate shock is coming for households (e.g., mortgage renewals), the feeling is that it will only offer relief with rate decreases when it is convinced that inflation is moving down and is maintainable. One would assume that given these pressures affecting the end consumer a recession would occur, however the economy was able to avoid a potential recession.

We are extremely pleased with the accomplishments and leadership provided from TCU Management during this challenging year with maintaining the sound financial management of our Credit Union. TCU is the 6th largest provincially regulated credit union in Saskatchewan with assets of $710 million on the credit union side and another $330 million of assets under administration on the wealth management side. TCU's assets do show a decrease from 2022 however this was due primarily to purposeful management decisions to reduce the syndicated purchased portfolio that we held to ensure capital was sufficient to accommodate new 2024 capital standards. Management also took the initiative to roll off higher costing brokered funding that was not required as it was fiscally prudent to do so. Both types of business are not enduring to TCU and our focus is on growing TCU members' business. In 2023, TCU's member generated loan growth was 0.8% and TCU's member deposit funding growth was 2.9%.

In December 2023, TCU's Board of Directors approved TCU's new Vision, Mission, and Values statements, which serve as the bedrock of our organizational beliefs. All endeavors are aligned with these guiding principles, underscoring their paramount importance in steering our strategic direction and accomplishing our goals. TCU's vision is building strong financial futures for our members and actively fostering growth and well-being of our communities. Our intent is to adapt our services to create a holistic experience for our personal and business members. It is important for us to be present locally to serve members and our small businesses and to share our connections, expertise, and resources with them. As we go forward, we will continue our commitment to making decisions in the best interests of our member-owners, our staff, and our communities.

At TCU we are privileged to have a team of skilled and dedicated staff who are committed to serving our members. We are putting a renewed focus on sustaining and deepening our culture. We are only as strong as our team - they are the foundation of our Credit Union, and the creators of our future success. We feel that our strong culture is a competitive advantage for TCU, and to that end, we are focused on ensuring that we remain a workplace that is a great place to work and that we provide an appropriate work/life balance. We want to thank our staff for their commitment, support, effort, and contribution to TCU's success.

TCU has nine 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 2024, the Board, Management and all our staff wish to reaffirm our commitment to 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
Chair – Board of Directors

Greg Peacock
Chief Executive Officer

Stephanie Mansfield – Chair
Board Member since 2013

Angela Prokop – Vice Chair
Board Member since 2020

Brendan Bitz
Board Member since 2013

Nicole Cox
Board Member since 2019

David Froh
Board Member since 2022

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

Brett Gerich
Board Member since 2022

Donald Hobday
Board Member since 2021

Greg Lepp
Board Member since 2023

Norm Peel
Board Member since 2023

Meeting Attendance

2023 Board & Board Committee Meeting Attendance January 1 - December 31, 2023							
Board of Directors	Board Meeting	Executive Committee	Audit & Conduct Review Committee	CEO Compensation & Performance Evaluation Committee	Governance & Human Resources Committee	Risk Committee	Other
Stephanie Mansfield Chair	5 of 5	5 of 5	5 of 5	4 of 4			6 of 6
Angela Prokop Vice Chair	5 of 5	5 of 5		4 of 4	3 of 3	1 of 1	6 of 6
Brendan Bitz	5 of 5					4 of 4	11 of 11[4]
Nicole Cox	4 of 5		5 of 5	4 of 4	4 of 5		6 of 6
David Froh	4 of 5				4 of 5		4 of 6
Brett Gerich	4 of 5		3 of 3		5 of 5		6 of 6
Donald Hobday	5 of 5			3 of 3		4 of 4	6 of 6
Greg Lepp[1]	3 of 3					3 of 3	5 of 5
Tony Linner[2]	2 of 2		2 of 2	1 of 1		1 of 1	2 of 2
Darcy McLean[2]	2 of 2		2 of 2	0 of 1			1 of 2
Norm Peel[1]	3 of 3		3 of 3				5 of 5
Patricia Warwick[3]	2 of 4				2 of 2	2 of 2	6 of 6

[1] term started
[2] term ended
[3] Resigned position prior to term end
[4] Includes Corporate Social Responsibility Committee – 5 meetings (not a committee of the Board)

Other includes:

- AGM
- Auditor Interviews
- Re-organization Meeting
- Special Board Meetings
- Professional Development
- Strategic Planning Meeting

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

2023 Board Honorariums, Per Diems, Travel/Other & Learning/Development					
Board of Directors	Honorarium	Per Diems	Travel/Other	Learning & Development	Total
Stephanie Mansfield Chair	$7,200.00	$8,930.00	$1,336.48	$42.00	$17,508.48
Angela Prokop Vice Chair	$3,600.00	$6,740.00	$1,214.01	-	$11,554.01
Brendan Bitz	$1,200.00	$4,000.00	-	-	$5,200.00
Nicole Cox	$1,200.00	$5,550.00	-	-	$6,750.00
David Froh	$1,200.00	$3,600.00	$181.53	$479.00	$5,460.53
Brett Gerich	$1,200.00	$5,000.00	-	$479.00	$6,679.00
Donald Hobday	$1,200.00	$5,350.00	-	$1,277.00	$7,827.00
Greg Lepp[1]	$800.00	$4,120.00	-	$2,132.00	$7,052.00
Tony Linner[2]	$400.00	$2,700.00	-	-	$3,100.00
Darcy McLean[2]	$400.00	$2,050.00	-	-	$2,450.00
Norm Peel[1]	$800.00	$3,940.00	$546.97	$1,982.00	$7,268.97
Patricia Warwick[3]	$1,100.00	$2,850.00	-	-	$3,950.00
Total	**$20,300.00**	**$54,830.00**	**$3,278.99**	**$6,391.00**	**$84,799.99**

[1] term started
[2] term ended
[3] Resigned position prior to term end

Corporate Governance

As a financial co-operative, TCU Financial Group is governed by a Board of Directors which is normally 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 2023, the Board of Directors held five regular meetings and six other meetings.

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

Audit & Conduct Review Committee – The purpose of this committee, from an audit perspective 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. From a conduct review perspective, this committee's purpose is to ensure the integrity and objectivity of Directors, Officers, and Employees of TCU. This committee monitors and reviews related party transactions with the credit union to ensure they are fair, and that best judgment is exercised in all matters or related party relationships as a result of real or perceived conflict of interest. During 2023, the Audit & Conduct Review Committee was comprised of four directors and met five 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 2023, 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 2023, the Governance & Human Resources Committee was comprised of four directors and met five times.

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 2023, this committee met five 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 & Conduct Review Committee, Chair of the Risk Committee and Chair of the Governance & Human Resources Committee. During 2023, this committee met four times.

Executive Management – The Executive Management team is responsible to oversee the operation of the credit union 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
Crystal Mills – Chief Operating Officer
Jason Bazinet – Chief Financial Officer
Randy Martynuik – Chief Information Officer
Dawn Bell – Chief Risk & Compliance Officer

Highlights

TCU Financial Group Gives Back

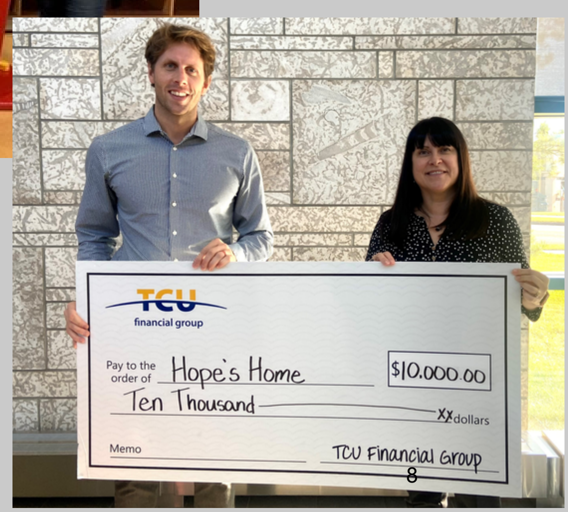
TCU's Corporate Social Responsibility Program

TCU Financial Group has dedicated resources to support the categories of Diversity, Equity & Inclusion, Mental Health, Sick Kids, Food Insecurity, and Education.

Donations were made to: Hope's Home, AIM Program, Holy Cross High School Financial Literacy Courses, Regina Food Bank, and Ronald McDonald House

$6,000
allocated to scholarships

$28,500
allocated to donations



Highlights

Canada's Credit Unions were honoured with six Ipsos Financial Service Excellence Awards

- Customer Service Excellence
- Values My Business
- Financial Planning & Advice
- Branch Service Excellence
- Online Banking Excellence
- Live Agent Telephone Banking Experience

By the numbers

6th largest provincially regulated credit union in Saskatchewan

$710 million in managed assets on the credit union side

Serving over **14,500** members

$330 million in managed assets on the wealth management side

TCU Financial Group employs **97** local people

Member owned since **1952**

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, 2023. 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 26, 2024.

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 of 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 14,500 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 2024 Forecast

Persistent inflation and an elevated interest rate environment are having their desired effects of moderating the Canadian economy. With the impact of higher interest rates continuing to work their way through the economy, overall economic growth is expected to remain weak for at least the first half of 2024. The market is anticipating a relatively stable Bank of Canada policy interest rate for the upcoming year, with the potential for the Bank of Canada to begin easing interest rates in the latter part of the year should core inflation trend towards reaching the Bank of Canada's target level. TCU Financial Group has budgeted for three rate cuts of 0.25% each to happen in the second half of 2024.

Economic forecasts indicate that Saskatchewan is well positioned to manage through existing economic risks including persistent inflation, higher interest rates, soft commodity prices, a global economy that faces geopolitical challenges, as well as continued risk of economic recession for its key exporting markets.

Saskatchewan's population reached an all-time high of 1.2 million in 2023, with its highest annual increase in population growth since 1914 at 2.6%. Saskatchewan has one of the most engaged workforces among provinces with the second highest employment rate at 64.9%, and the second highest labour force participation rate at 67.4%.

GDP growth for the province is highly dependent on Saskatchewan farmers having a normal growing year as well as stability in global potash prices. Agriculture and Agri-Foods Canada expects production for most crops to increase marginally in 2024, though the possibility of another hot and dry season poses a threat to Saskatchewan's yields. Moderated global potash prices should bode well for Saskatchewan exports as market stability and better affordability spurs greater adoption among farmers for the year ahead.

Housing affordability is still reasonable by historical standards, leaving Saskatchewan's housing market in a better position to handle higher interest rates. The broader economy is also less levered to housing which should shield the province from further near-term weakness on that front.

Financial Performance Review

Financial Management	2023 Actual	2023 Plan	2022 Actual
Assets	710,454,487	763,825,000	734,406,273
Asset growth	-3.3%	4.0%	-1.4%
Loans	541,717,923	601,934,000	582,222,704
Loan growth	-7.0%	3.4%	-0.8%
Deposits	623,803,227	663,578,000	631,076,222
Deposit growth	-1.2%	5.2%	-3.4%

Total assets of the credit union declined $23,951,786 (3.3%) in 2023 to $710,454,487.

The loan portfolio decreased $40,504,781 (7.0%) 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, including syndication activities where the credit union purchases commercial loan exposures originated and managed by other credit union partners. During the course of 2023, there was an intentional reduction of over $42,000,000 in these syndicated loan purchases as the credit union sought to reposition its balance sheet in advance of new capital standards becoming effective on January 1, 2024.

In 2023, the commercial loan portfolio decreased by $18,594,632 (8.5%) to $199,238,075, and now represents 36.7% of total loans down from 37.4% in 2022. Residential mortgage balances declined $13,436,244 (4.0%) over the course of the year, largely attributed to members being prudent and paying down their mortgage debt. Residential mortgages represent 58.7% of our total loans, up from 57.1% in 2022. 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% consumer and 39% commercial.

The credit union continues to have a stable deposit base with $215,649,751 (35%) of the deposit portfolio in term deposits. Demand deposits comprise $242,931,972 (40%) of the total deposit portfolio along with $158,247,006 (26%) represented by registered and tax-sheltered deposits. Total deposits declined $7,272,995 (1.2%) throughout the year to end 2023 at $623,803,227.

Profitability	2023 Actual	2023 Plan	2022 Actual
Net income	341,755	1,944,450	8,019,205
Comprehensive income	1,535,741	2,844,450	4,029,253
Return on average assets (ROAA)	0.05%	0.26%	1.08%
Efficiency ratio	86.0%	83.9%	76.3%

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. Net interest income was $15,189,283, down from $28,152,165 in 2022 and represents a decline of $12,962,882 or 46%. The main contributor to this decline in net interest income is the one-time dividend distribution from SaskCentral in the amount of $9,964,805 in 2022. Excluding this one-time dividend, net interest income would have decreased by $2,998,077 (16.5%) over 2022 results, which can be attributed to lower loan demand and the $40,504,781 contraction in the net loan portfolio.

On an average asset basis, net interest income declined 171 basis points, ending the year at 2.10% down from 3.81% in 2022. Absent the SaskCentral dividend from 2022, net interest income would have declined a more modest 36 basis points in 2023, declining from 2.46% to 2.10%.

Non-interest revenue, which includes wealth management revenue and a variety of service related and transaction fees, was $4,191,748 in 2023, compared to $4,157,139 in 2022. The TCU Wealth Management team contributed 50.7% of the total non-interest revenue, down from 52.7% the year prior.

With the dramatic rise in interest rates beginning in January 2022, the credit union's bond portfolio experienced unrealized fair value losses of $3,962,093 in 2022. Fluctuations in fair values are generally attributed to changes in interest rates, movements in market credit spreads and shifts in the interest rate curve. While these losses are accounted for in our financial statements, they only represent losses that the credit union would suffer if it had been forced to liquidate its portfolio. These unrealized fair value losses reverse over time as these bonds approach their maturity dates and are redeemed for their face values. For 2023, $1,288,592 (32.5%) of the prior year unrealized losses in the bond portfolio reversed and has been reported as an unrealized gain on investments in the statement of comprehensive income.

At a time when members' financial lives have increasingly migrated online, it's necessary to provide streamlined, accessible, and secure digital products that offer greater convenience without sacrificing outstanding member service. For the past several years, TCU Financial Group has been strategically modernizing its technical infrastructure and architecture to support its digital transformation journey. This has included upgrading its banking system and online banking platform in 2022, and 2023 investments targeting the spin up of a new digital platform designed to provide our members with a seamless omnichannel experience. The new digital platform, slated to be launched into production in 2024, integrates a new account opening system, customer relationship management system, and a loans origination system which should revolutionize how we interact with our members and conduct our business operations. The credit union is continually adapting to the changing marketplace and finding ways to reduce operating costs and create efficiencies across the organization, while simultaneously bringing on new technology that improve member journeys. Against this backdrop, the credit union has been successful in reducing non-interest expenses by $3,846,852 (17.8%) in 2023 to $17,784,841.

Provision for credit losses in 2023 is $2,618,548, up from a recovery position of $576,010 in 2022, and represents an overall change of $3,194,558 from the prior year. Over 90% of the increase in provision for credit losses are isolated to a handful of larger commercial loan files and do not represent of a wide-spread deterioration of the overall credit quality in the loan portfolio.

Net income declined $7,677,450 (5.7%) to $341,755 in 2023, resulting in a return on average assets of 0.05%, down from 1.08% in 2022. The main contributor to this year-over-year change is attributed to the one-time dividend received from SaskCentral for $9,964,805.

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 2023, OCI was in a net gain position of $1,193,986 compared to a net loss of $3,989,952 in 2022. As a result of these unrealized OCI gains, the credit union is reporting comprehensive income of $1,535,741 in 2023 compared to $4,029,253 in 2022, representing a year-over-year decline of 61.9%.

The efficiency ratio is a calculation that represents how much it costs the credit union to earn $1 in revenue. Our efficiency ratio deteriorated from 76.3% in 2022 to 86.0% in 2023. The efficiency ratio for 2022 was positively influenced by the one-time dividend received from SaskCentral. Management's focus over the next two years is to get this ratio below 75% as our digital transformation initiatives go into full production.

Capital Management	2023 Actual	2023 Plan	2022 Actual
Common equity tier 1 capital / risk-weighted assets	17.0%	15.2%	15.1%
Total eligible capital / risk-weighted assets	17.2%	15.6%	15.4%
Total eligible capital / leveraged assets	9.4%	9.0%	8.9%

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 2023 stood at 17.2%, up from 15.4% at the end of 2022. The increase in our capital ratio was planned as Credit Union Deposit Guarantee Corporation – the credit union's regulator – published updated capital standards in early 2023 that would come into force on January 1, 2024. Application of the new capital standards would decrease the credit union's capital ratio from its current 17.2% to 15.9% upon adoption. The minimum 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 its risk-weighted capital ratio to be greater than 13%. 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, an ICAAP target of 14.5% is the level of capital that is required to invest in our business while offering a strong level of protection and resiliency against severely negative economic events.

Liquidity Management	2023 Actual	2023 Plan	2022 Actual
Loans / assets	76.0%	78.8%	79.0%
Liquidity coverage ratio	962%	> 125%	222%

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%. Our loan to asset ratio declined from 79% in 2022 to 76% in 2023. 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. Management will seek to return its loan to asset ratio to its target range which should decrease the excess liquidity that is currently being held as demonstrated by the high liquidity coverage ratio.

All Saskatchewan Credit Unions are required to maintain 8.65% 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 $54,700,000 in credit facilities to meet any expected and unexpected liquidity demands.

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 to 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.

TCU Financial Group classifies risk exposure according to the following categories: Strategic, Operational, Financial. 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 includes various 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 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 actions related to technology risk and cybersecurity, and prioritizes major digital projects.

TCU Financial Group has also established an independent internal audit function that is outsourced to PRA Canada. Reporting from the internal audit function is delivered to management and the Audit & Conduct Review 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 & Conduct Review 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.

Risk Culture

Risk 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:

Risk Principle		Description of Principle
1	**Enterprise-wide in scope**	Risk management spans all areas of the credit union, including third-party alliances and joint venture undertakings.
2	**Transparent and effective communication**	Matters related to risk are communicated and escalated in a timely and forthright manner.
3	**Enhanced accountability**	As an organization, we are working to ensure that risk is managed and understood by all employees, individually and collectively.
4	**Independent oversight**	The Chief Risk & Compliance Officer is responsible to oversee the identification, measurement, monitoring and reporting of the risks of the credit union regularly, and independently of business lines or operational management.
5	**Integrate risk and control culture**	Risk management is expected to be integrated into the daily routines, decision-making and strategy of the credit union.
6	**Strategic balance**	Risk is managed to an acceptable level of exposure, recognizing the need to protect and grow the organization.

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 aggregate level and types of risk that TCU is willing to accept or avoid, in order to achieve its strategic and business 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 that establish and monitor adherence to the approved risk appetite. The Risk Appetite Policy 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 & Compliance Officer and Risk Management Group Mandates

The Chief Risk & Compliance Officer (CRCO) is independent from business line management. The CRCO 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 CRCO is responsible for providing strategic direction and leadership for the enterprise risk management and compliance functions of TCU Financial Group. The internal audit function also reports administratively to the CRCO.

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 Financial Group's capital position remains resilient in the event of a medium-to-high stress scenario that affects the residential mortgage portfolio. Specifically, an LTV shock of 30% and results in a negative impact of approximately $1,200,000 on the credit union'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 was observed in the years following 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 facility 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	Balance ($)	Mortgages (#)	Portfolio (%)
Insured Mortgages	$111,038,695	493	35%
Conventional Mortgages	$106,947,888	534	33%
Home Equity Lines of Credit (HELOC)	$102,011,811	881	32%
Total Residential Mortgage Portfolio	$319,998,394	1,908	100%

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

Remaining Mortgage Amortization	Balance ($)	Mortgages (#)	Average Balance ($)
Less than 10 years	$7,424,870	99	$74,999
10 – 14 years	$21,286,794	142	$149,921
15 – 19 years	$83,683,218	404	$207,137
20 – 25 years	$98,331,020	355	$276,989
More than 25 years	$7,260,682	27	$268,914
Total Loans	$217,986,584	1,027	$212,256

Residential Mortgage Loan-to-Value (LTV)

Category	Average LTV Ratio
Newly Originated Uninsured Residential Mortgages	68%
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 Equitable Bank 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 approves the Balanced Scorecard annually.

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 Risk &

Compliance Officer (CRCO) is responsible to oversee the design, development, implementation and maintenance of the regulatory compliance programs for the credit union. Within this responsibility, the CRCO 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 Credit Union Deposit Guarantee Corporation (CUDGC). Quarterly reporting is provided to senior management, the Risk Committee and the Audit & Conduct Review Committee to enable Board oversight of the compliance and control processes.

TCU FINANCIAL GROUP CREDIT UNION

FINANCIAL STATEMENTS

DECEMBER 31, 2023

we'll help you get there

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 & Conduct Review 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 & Conduct Review 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 & Conduct Review 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.

Nicole Cox
Chair, Audit & Conduct Review Committee

Greg Peacock
Chief Executive Officer

Deloitte LLP
122 1st Avenue
Suite 400
Saskatoon, SK S7K 7E5
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Independent Auditor's Report

To the Members of
TCU Financial Group Credit Union

Opinion

We have audited the financial statements of TCU Financial Group Credit Union (the "Credit Union"), which comprise the financial position as at December 31, 2023, and the statements of comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report. Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Saskatoon, Saskatchewan
March 27, 2024

TCU FINANCIAL GROUP CREDIT UNION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31

	Notes	2023	2022
Assets			
Cash and cash equivalents	4	20,617,775	21,932,391
Other assets	5	5,299,097	15,852,388
Investments	6	133,164,611	103,853,305
Loans receivable	7	541,717,923	582,222,704
Property and equipment	9	6,559,807	7,144,343
Right of use assets	10	1,120,256	1,165,258
Investment property	11	1,755,528	1,814,263
Intangible assets	12	219,490	421,621
Total assets		710,454,487	734,406,273
Liabilities			
Deposits	14	623,803,227	631,076,222
Secured borrowing	15	5,894,473	8,177,802
Loans payable	16	--	15,800,000
Derivative financial liabilities	8	4,528,904	5,999,499
Lease liabilities	10	1,355,890	1,404,466
Other liabilities	13	4,601,361	3,213,418
Membership shares	17	74,040	74,015
Total liabilities		640,257,895	665,745,422
Members' equity			
Accumulated other comprehensive loss		(2,912,862)	(4,106,848)
Retained earnings		73,109,454	72,767,699
Total members' equity		70,196,592	68,660,851
Total liabilities and members' equity		710,454,487	734,406,273

The accompanying notes are an integral part of the financial statements.

APPROVED BY THE BOARD:

SBMansfield

Stephanie Mansfield, Board Chair

Angela Prokop, Board Vice Chair

TCU FINANCIAL GROUP CREDIT UNION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

	Notes	2023	2022
Interest revenue			
Loan		26,473,638	21,967,782
Investment		4,843,387	13,293,606
		31,317,025	35,261,388
Interest expense			
Member deposits		12,952,292	6,072,922
Borrowed money		465,609	725,492
Interest rate swaps		2,709,841	310,809
		16,127,742	7,109,223
Net interest income		15,189,283	28,152,165
Provision (Recovery) for credit losses	7	2,618,548	(576,010)
Net interest income after provision for credit losses		12,570,735	28,728,175
Other income			
Unrealized gains (losses) on investments		1,288,592	(3,962,093)
Other revenue		4,191,748	4,157,139
		5,480,340	195,046
Operating expenses (Schedule 1)			
Personnel		9,782,947	12,013,601
General business		5,640,012	7,341,026
Occupancy		1,622,743	1,529,427
Security		583,393	591,538
Organizational		155,746	156,101
		17,784,841	21,631,693
Income before income taxes		266,234	7,291,528
Income taxes	21		
Current (recovery)		(10,361)	107,693
Deferred (recovery)		(65,160)	(835,370)
Net income before other comprehensive income		341,755	8,019,205
Other comprehensive gain (loss) (net of tax)			
Net unrealized gains (losses) on cash flow hedges		1,193,986	(3,989,952)
Other comprehensive gain (loss)		1,193,986	(3,989,952)
Total comprehensive income (loss)		1,535,741	4,029,253

The accompanying notes are an integral part of the financial statements.

TCU FINANCIAL GROUP CREDIT UNION
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31

	2023	2022
Retained earnings		
Retained earnings – beginning of year	72,767,699	64,748,494
Net income	341,755	8,019,205
Retained earnings – end of year	73,109,454	72,767,699
Accumulated other comprehensive income		
Accumulated other comprehensive (loss) income – beginning of year	(4,106,848)	(116,896)
Other comprehensive loss	1,193,986	(3,989,952)
Accumulated other comprehensive loss – end of year	(2,912,862)	(4,106,848)
Total members' equity	70,196,592	68,660,851

The accompanying notes are an integral part of the financial statements.

TCU FINANCIAL GROUP CREDIT UNION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2023	2022
Cash provided by (used in) operating activities		
Net income	341,754	8,019,205
Adjustments for non-cash items:		
Net interest income before credit losses	(15,189,283)	(28,152,165)
Income tax expense	(75,521)	(727,677)
Unrealized losses on investments	(1,288,592)	3,962,093
(Recovery) provision for credit losses	2,618,548	(576,010)
Depreciation of property and equipment	716,708	755,130
Depreciation right of use assets	193,020	187,229
Amortization of intangible assets	202,131	630,765
Amortization of investment property	58,735	58,735
Loss (gain) on disposal of property and equipment	--	9,940
Impairment of intangible assets	--	1,030,837
Changes in non-cash working capital:		
Loans	37,960,170	5,825,258
Other assets	10,187,004	981,392
Deposits	(11,218,520)	(22,803,364)
Other liabilities	1,387,943	463,490
Interest received	31,171,173	25,040,505
Interest paid	(12,017,015)	(5,539,020)
Taxes paid	--	115,509
Net cash from (used in) operating activities	45,048,255	(10,718,148)
Cash provided by (used in) investing activities		
Purchase of property and equipment	(132,172)	(44,345)
Purchase of intangible assets	--	(341,955)
Net change in investments	(27,950,800)	17,789,890
Disposal of property and equipment	--	4,000
Net cash from (used in) investing activities	(28,082,972)	17,407,590
Cash provided by (used in) financing activities		
Advances of loans payable	(15,800,000)	12,300,000
Repayment of principal portion of lease liabilities	(196,595)	(186,376)
Repayment of secured borrowings	(2,283,329)	(10,908,685)
Issuance (redemption) of membership shares	25	650
Net cash from (used in) financing activities	(18,279,899)	1,205,589
Increase in cash and cash equivalents	(1,314,616)	7,895,031
Cash and cash equivalents, beginning of year	21,932,391	14,037,360
Cash and cash equivalents, end of year	20,617,775	21,932,391

The accompanying notes are an integral part of the financial statements.

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 presentation and statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as issued by the International Accounting Standards Board (IASB). The financial statements for the year ended December 31, 2023, were approved by the Board of Directors and authorized for issue on March 26, 2024.

The 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.

On January 1, 2023, TCU Financial Group Credit Union amalgamated with its subsidiary TCU Holdings Inc., for which it owned 100%. For the fiscal 2022 year, the financial statements were prepared on a consolidated basis where assets, liabilities, income and expenses after eliminating inter- company transactions and balances are included.

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

3. Summary of material accounting policy information

The material accounting policy information 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.

(a) 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 19. 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.

(b) 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.

(i) 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.

Derivatives are initially recognized at fair value on the date the Credit Union becomes party to the provisions of the contract and are subsequently remeasured at fair value at the end of each reporting period. Unrealized and realized gains/losses from changes in the fair value of derivative instruments are recognized in the statement of comprehensive income, unless the derivatives are designated in a qualifying hedge accounting relationship. The Credit Union has designated all its derivatives as hedging instruments.

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

(ii) 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 which is recognized using the effective interest rate method. 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 FVTPL.

(iii) 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 following table summarizes the classifications of the Credit Union's various financial instruments:

Classification and Measurement	Amortized Cost	Fair Value Through Profit or Loss (FVTPL)	Fair Value Through Other Comprehensive Income (FVOCI)
Cash and cash equivalents	X		
Preferred shares		X	
SaskCentral shares		X	
SaskCentral investments	X		
Other investments		X	
Provincial and corporate bonds		X	
Derivatives		X	
Derivatives – cash flow hedge			X
Loans receivable	X		
Accrued interest	X		
Deposits	X		
Secured borrowing	X		
Other liabilities	X		
Membership shares	X		

(c) 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 have 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.

Movement in the stages relies on judgment to assess whether a loan's credit risk has significantly increased relative to the date the loan was initially recognized. For this assessment, an increase in credit risk is considered at the instrument level. Assessing for significant increases in credit risk is performed quarterly based on factors noted in the following paragraph.

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.

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 including whether there has been a significant increase in credit risk since recognition. 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.

Non-financial assets

At the end of each reporting period, the Credit Union reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the credit union estimates the recoverable amount of the cash-generating units (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

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

(d) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost of valuation of assets less their residual values over their useful lives. Depreciation is based on the estimated useful life of the item using the following methods and rate or terms:

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

(e) 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 the statement of comprehensive income. The estimated useful life and amortization method are reviewed at each year end and adjusted if appropriate. At the end of each reporting period, the Credit Union reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Gains and losses on the disposal of intangible assets are recorded in the statement of comprehensive income in the year of disposal.

(f) Leases

The Credit Union classifies a contract, or component of a contract, as a lease if it conveys a right to control the use of an identifiable asset for a period of time in exchange for consideration. With the exception of certain short-term and low-value leases, the Credit Union recognizes a lease liability and right-of-use asset for all leases at commencement.

Lease liabilities are initially measured at the present value of the future lease payments due over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Credit Union's incremental borrowing rate. Lease payments included in the measurement of the lease liability include fixed contractual payments, variable contractual payments based upon a rate or index and any amounts payable with respect to purchase, extension and/or termination options when it is reasonably certain that the Credit Union will exercise the option. Variable lease payments which are not based upon a rate or index are excluded from the measurement of the lease liability and are recognized in occupancy expense as they are incurred.

Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method.

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability plus initial direct costs and estimated decommissioning costs, less any lease incentives received. Right-of-use assets are subsequently depreciated on a straight-line basis over the term of the lease, or the estimated useful life of the asset as determined on the same basis as the Credit Union's other property and equipment noted above, whichever is shorter.

Changes in facts and circumstances which impact the future lease payments, including whether an option is reasonably certain to be exercised, result in a remeasurement of the lease liability. When a remeasurement occurs, a corresponding adjustment is made to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced below zero.

(g) Investment property

Investment property consists of land and buildings held to earn rental income. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Property held for use in the supply of service to members or for administrative use that has a portion that earns rental income is allocated between investment property and property and equipment, based on the floor space usage.

Depreciation is recorded in general business expense in the statement of comprehensive income on a straight-line basis over the estimated useful life, commencing in the month the asset becomes available for use. The estimated useful lives of investment property are determined on the same basis as those of property and equipment above. Depreciation methods, residual values, and estimates of useful lives are reviewed annually.

(h) 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.

(i) Derivative financial instruments and hedge accounting

Hedge accounting qualification

The Credit Union designates all of its derivatives as cash flow hedging instruments where the derivative is highly effective in offsetting either changes in the fair value or cash flows attributable to the hedged item.

At the inception of the hedge accounting relationship, the Credit Union documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Credit Union documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effective requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the documented hedge ratio matches the actual ratio of the hedged item and hedging instrument.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designate hedging relationship remains the same, the Credit Union rebalances the hedge so that it meets the qualifying criteria again.

The Credit Union discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated, or exercised. The discontinuation is accounted prospectively.

Cash flow hedges

In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging derivative, net of income taxes, is recorded in other comprehensive income (OCI) while the ineffective portion is recorded within other income on the statement of comprehensive income when the hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting (after rebalancing, if applicable), hedge accounting is discontinued and the amounts previously recorded in OCI are reclassified to net interest income during the periods when the variability in the cash flows of the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the amounts previously recorded in OCI are immediately reclassified to other income.

(j) Employee benefits

The Credit Union provides certain pension and other benefits to employees as follows:

Short-term employee benefits

Short-term employee benefits, such as salaries, incentive pay programs, vacation, medical benefits, allowances, paid absences, and other benefits including any related payroll taxes, are accounted for on an accrual basis over the period in which employees provide the related services. The benefits are expensed as part of personnel expenses in the statement of comprehensive income.

Termination benefits

Termination benefits are recognized when the Credit Union is committed to terminating the employment of a current employee according to a formal plan without possibility of withdrawal. Termination benefits are expensed as part of personnel expenses in the statement of comprehensive income.

Post-employment benefits

Defined Contribution Superannuation Plan

The Credit Union contributes to a defined contribution superannuation plan, which provides benefits to employees upon retirement or death. The Credit Union has no financial interest in the plan and is not liable for the performance or obligations of the plan. Credit Union contributions to the plan of $587,115 (2022 - $552,077) were paid during the year.

Employee benefits are recognized within personnel expenses in the statement of comprehensive income. Accrued and unpaid amounts are included in accounts payable and other liabilities in the statement of financial position.

(k) Changes in accounting policies and disclosure

Amendments to IAS 1

The Credit Union has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

4. Cash and cash equivalents

	2023	2022
Cash on hand	2,332,828	2,120,511
Deposits at call – SaskCentral	9,218,608	11,497,959
Deposits at call – Other	3,481,051	315,176
Cheques and items in transit	388,312	1,021,530
	15,420,799	14,955,176
Restricted cash	5,196,976	6,977,215
Cash and cash equivalents	20,617,775	21,932,391

Restricted cash is comprised of cash reserves for the Credit Union's securitized programs and collateral posted for derivatives. Restricted cash is not available for use in the Credit Union's day-to-day operations.

5. Other assets

	2023	2022
Accounts receivable	380,542	10,268,750
Deferred income tax assets	2,819,116	3,070,306
Income taxes receivable	--	360,894
Prepaid service contracts	1,497,423	1,452,065
Prepaid expenses	602,016	700,373
	5,299,097	15,852,388

Included within accounts receivable are the dividends declared by SaskCentral and due to the Credit Union. Dividends declared and payable to the Credit Union by SaskCentral are $nil (2022 - $9,990,555).

6. Investments

	2023	2022
Amortized cost		
SaskCentral liquidity deposits	56,074,372	64,829,987
SaskCentral demand deposit	43,700,000	--
	99,774,372	64,829,987
Fair value through profit or loss:		
Provincial and corporate bonds	25,819,457	28,745,636
SaskCentral shares	2,357,240	4,764,110
Preferred shares	2,000,000	2,000,000
Other investments	2,596,574	2,968,518
Accrued interest	642,667	555,095
	33,415,938	39,033,359
ECL allowance on investments	(25,699)	(10,041)
	33,390,239	39,023,318
Total investments	133,164,611	103,853,305

At December 31, 2023, $38,667,488 (2022 - $49,022,465) of investments are expected to be recovered more than 12 months after the reporting date.

Credit unions must maintain 8.65% 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, 2023, the Credit Union met the requirement.

7. Loans receivable

Member Loans and Leases As at December 31, 2023	Stage 1	Stage 2	Stage 3	Total Loans
Residential mortgages	191,896,418	21,093,904	3,967,663	216,957,985
Home equity lines of credit	99,539,361	2,451,790	207,226	102,198,377
Personal loans	7,326,964	679,661	70,680	8,077,305
Commercial loans	191,840,126	6,655,176	263,707	198,759,009
Lines of credit and overdrafts	13,484,542	571,611	2,962,683	17,018,836
Leases	479,066	--	--	479,066
Gross loans	504,566,477	31,452,142	7,471,959	543,490,578
Accrued interest	1,671,402	93,032	259,707	2,024,141
Allowance for credit losses				
Member loans and leases	(381,784)	(331,383)	(3,061,171)	(3,774,338)
Off balance sheet credit instruments	(88,810)	(69,648)	--	(158,458)
Foreclosed property held for resale	--	--	--	136,000
Net loans	505,767,285	31,144,143	4,670,495	541,717,923

Off Balance Sheet Credit Instruments As at December 31, 2023	Stage 1	Stage 2	Stage 3	Total
Residential mortgages	1,293,761	189,861	--	1,483,622
Home equity lines of credit	114,780,190	2,967,387	51,469	117,799,046
Personal loans	3,730	--	--	3,730
Commercial loans	22,477,107	261,295	--	22,738,402
Lines of credit and overdrafts	59,387,087	729,513	287,773	60,404,373
Leases	--	--	--	--
Gross exposures	197,941,875	4,148,056	339,242	202,429,173
Allowance for credit losses	(88,810)	(69,648)	--	(158,458)
Net Off Balance Sheet Credit Exposures	197,853,065	4,078,408	339,242	202,270,715

As at December 31, 2022	Stage 1	Stage 2	Stage 3	Total Loans
Residential mortgages	208,222,144	17,800,046	4,268,786	230,290,976
Home equity lines of credit	99,613,265	2,409,001	279,364	102,301,630
Personal loans	6,940,648	980,693	80,636	8,001,977
Commercial loans	203,577,025	13,245,609	426,065	217,248,699
Lines of credit and overdrafts	21,335,087	822,292	1,519,500	23,676,879
Leases	584,008	--	--	584,008
Gross loans	540,272,177	35,257,641	6,574,351	582,104,169
Accrued Interest	1,607,861	95,544	262,456	1,965,861
Allowance for credit losses				
Member loans and leases	(533,042)	(444,518)	(749,480)	(1,727,040)
Off balance sheet credit instruments	(100,033)	(69,648)	--	(169,681)
Foreclosed property held for resale	--	--	--	49,395
Net loans	541,246,963	34,839,019	6,087,327	582,222,704

Off Balance Sheet Credit Instruments As at December 31, 2022	Stage 1	Stage 2	Stage 3	Total
Residential mortgages	3,236,589	--	--	3,236,589
Home equity lines of credit	113,849,061	1,840,249	110,391	115,799,701
Personal loans	39,541	--	--	39,541
Commercial loans	19,620,023	--	--	19,620,023
Lines of credit and overdrafts	58,447,886	1,430,827	105,500	59,984,213
Leases	--	--	--	--
Gross exposures	195,193,100	3,271,076	215,891	198,680,067
Allowance for credit losses	(100,033)	(69,648)	--	(169,681)
Net Off Balance Sheet Credit Exposures	195,093,067	3,201,428	215,891	198,510,386

Loans to members, excluding accrued interest, mature as follow:

	2023	2022
Under 1 year	222,083,430	263,840,723
1 to 2 years	104,088,496	71,898,341
2 to 3 years	105,562,194	85,440,678
3 to 4 years	65,603,747	94,168,536
Over 4 years	46,152,711	66,755,891
	543,490,578	582,104,169

Allowance for credit losses

A summary of the loan allowance for expected credit losses is as follows:

	12-Month ECL (Stage 1)	Lifetime ECL Non-credit impaired (Stage 2)	Lifetime ECL Credit impaired (Stage 3)	Total
As at January 1, 2021	620,789	1,156,472	790,916	2,568,177
Transfer to (from)				
Stage 1	(241,849)	241,849	--	--
Stage 2	8,203	(46,984)	38,781	--
Stage 3	-	775	(775)	--
Net remeasurements	370,610	(155,743)	23,020	237,887
Derecognitions and maturities	(145,451)	(684,009)	(17,058)	(846,518)
Loan originations	20,773	1,806	--	22,579
Loans written-off, net of recoveries	--	--	(85,404)	(85,404)
As at December 31, 2022	633,075	514,166	749,480	1,896,721
Transfer to (from)				
Stage 1	(36,395)	20,273	16,122	--
Stage 2	349,908	(351,807)	1,899	--
Stage 3	--	--	--	--
Net remeasurements	(414,494)	225,726	1,872,339	1,683,571
Derecognitions and maturities	(114,263)	(37,692)	(145,485)	(297,440)
Loan originations	52,763	30,365	--	83,128
Loans written-off, net of recoveries	--	--	566,816	566,816
As at December 31, 2023	470,594	401,031	3,061,171	3,932,796

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

	2023	2022
Balance at beginning of year	1,906,762	2,568,177
Charge for loan impairment	2,602,891	(586,052)
Charge for investment impairment (Note 6)	15,658	10,041
Write-offs, net of recoveries	(566,816)	(85,404)
Balance at end of the year	3,958,495	1,906,762

Credit quality of member loans

The following table outlines the ranges used for the categorization of credit risk assessments:

Risk Assessment	Beacon Score Range for Residential Mortgage and Personal Loans	Risk Rating Range for Commercial Loans
Very low risk	760+	1
Low risk	681 < 759	2 and 3
Medium risk	620 < 680	4, 5 and 6
High risk / impaired	Less than 620	7, 8, 9 or 10

The following table presents the gross carrying amount of loans subject to impairment by risk category:

As at December 31, 2023	Residential Mortgages	Personal Loans	Commercial Loans	Total Loans
Risk Categories				
Very low risk	180,032,541	6,393,011	--	186,425,552
Low risk	88,132,138	6,919,462	24,319,998	119,371,598
Medium risk	39,716,323	2,794,844	173,192,210	215,703,377
High risk	9,120,236	835,547	4,562,309	14,518,092
Impaired	4,174,889	95,680	3,201,390	7,471,959
Total loans	321,176,127	17,038,544	205,275,907	543,490,578

As at December 31, 2022	Residential Mortgages	Personal Loans	Commercial Loans	Total Loans
Risk Categories				
Very low risk	193,228,535	7,541,386	--	200,769,921
Low risk	92,494,843	7,244,718	17,046,033	116,785,594
Medium risk	34,219,284	3,434,970	210,920,750	248,575,004
High risk	8,101,795	588,139	709,365	9,399,299
Impaired	4,548,150	80,636	1,945,565	6,574,351
Total loans	332,592,607	18,889,849	230,621,713	582,104,169

Performing status of member loans

As at December 31, 2023	Residential Mortgages	Personal Loans	Commercial Loans	Total Loans
Current	315,792,274	16,692,842	205,025,897	537,511,013
1 – 30 days delinquent	2,026,265	240,044	80,296	2,346,605
31 – 60 days delinquent	1,143,312	43,700	--	1,187,012
61 – 90 days delinquent	97,405	19,948	3,874	121,227
Greater than 90 days delinquent	2,116,871	42,010	165,840	2,324,721
Total loans	321,176,127	17,038,544	205,275,907	543,490,578

As at December 31, 2022	Residential Mortgages	Personal Loans	Commercial Loans	Total Loans
Current	327,627,034	18,668,383	230,190,425	576,485,842
1 – 30 days delinquent	1,932,644	109,662	431,288	2,473,594
31 – 60 days delinquent	227,933	68,381	--	296,314
61 – 90 days delinquent	324,888	--	--	324,888
Greater than 90 days delinquent	2,480,108	43,423	--	2,523,531
Total loans	332,592,607	18,889,849	230,621,713	582,104,169

See Note 20 – Risk Management, Credit Risk – for additional information on how the Credit Union manages and assesses credit risk within its loan and investment portfolios.

8. Derivatives

	December 31, 2023					
	Notional Amounts				Fair Values	
	< 1 year	1 to 5 years	> 5 years	Total	Asset	Liability
Swap contracts	--	75,000,000	--	75,000,000	--	4,528,904
Forward contracts	--	--	--	--	--	--
Interest rate derivatives	--	75,000,000	--	75,000,000	--	4,528,904

	December 31, 2022					
	Notional Amounts				Fair Values	
	< 1 year	1 to 5 years	> 5 years	Total	Asset	Liability
Swap contracts	25,000,000	65,000,000	--	90,000,000	--	5,626,873
Forward contracts	--	10,000,000	--	10,000,000	--	372,626
Interest rate derivatives	25,000,000	75,000,000	--	100,000,000	--	5,999,499

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:

	2023	2022
Cash flow hedges	--	--

9. Property and equipment

	Land	Building	Furniture and equipment	Total
Cost				
Balance at January 1, 2022	1,782,898	9,599,406	8,413,993	19,796,297
Additions	--	--	44,345	44,345
Disposals/transfers	--	--	(36,722)	(36,722)
Balance at December 31, 2022	1,782,898	9,599,406	8,421,616	19,803,920
Additions	--	--	132,172	132,172
Disposals/transfers	--	--	(6,167)	(6,167)
Impairment	--	--	--	--
Balance at December 31, 2023	1,782,898	9,599,406	8,547,621	19,929,925
Accumulated depreciation				
Balance at January 1, 2022	--	4,417,659	7,509,570	11,927,229
Depreciation	--	408,926	346,204	755,130
Disposals/transfers	--	--	(22,782)	(22,782)
Balance at December 31, 2022	--	4,826,585	7,832,992	12,659,577
Depreciation	--	408,926	307,782	716,708
Disposals/transfers	--	--	(6,167)	(6,167)
Balance at December 31, 2023	--	5,235,511	8,134,605	13,370,118
Net book value				
Balance at December 31, 2022	1,782,898	4,772,821	588,624	7,144,343
Balance at December 31, 2023	1,782,898	4,363,895	413,016	6,559,807

10. Right-of-use assets

	Facilities	Other	Total
Cost			
Balance at January 1, 2022	2,627,389	89,783	2,717,172
Additions	--	--	--
Disposals	--	--	--
Balance at December 31, 2022	2,627,389	89,783	2,717,172
Additions	148,019	--	148,019
Disposals	--	--	--
Balance at December 31, 2023	2,775,408	89,783	2,865,191
Accumulated depreciation			
Balance at January 1, 2022	1,274,902	89,783	1,364,685
Depreciation	187,229	--	187,229
Disposals	--	--	--
Balance at December 31, 2022	1,462,131	89,783	1,551,914
Depreciation	193,020	--	193,020
Disposals	--	--	--
Balance at December 31, 2023	1,655,151	89,783	1,744,934

Net book value			
Balance at December 31, 2022	1,165,258	--	1,165,258
Balance at December 31, 2023	1,120,257	--	1,120,257

Lease payments and expense	2023	2022
Interest expense on lease liabilities	49,043	52,709
Expenses related to variable lease payments	125,894	117,318
Total amounts recognized in profit or loss	174,937	170,027
Repayment of lease liabilities	48,576	186,376
Total cash outflow for leases	223,513	356,403

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, 2023 is $1,355,890 (2022 - $1,404,466).

11. Investment property

	Land	Facilities	Total
Cost			
Balance at January 1, 2022	591,983	1,986,540	2,578,523
Additions	--	--	--
Disposals	--	--	--
Balance at December 31, 2022	591,983	1,986,540	2,578,523
Additions	--	--	--
Disposals	--	--	--
Balance at December 31, 2023	591,983	1,986,540	2,578,523
Accumulated depreciation			
Balance at January 1, 2022	--	705,525	705,525
Depreciation	--	58,735	58,735
Disposals	--	--	--
Balance at December 31, 2022	--	764,260	764,260
Depreciation	--	58,735	58,735
Disposals	--	--	--
Balance at December 31, 2023	--	822,995	822,995
Net book value			
Balance at December 31, 2022	591,983	1,222,280	1,814,263
Balance at December 31, 2023	591,983	1,163,545	1,755,528

	2023	2022
Income related to investment property		
Rental income	225,772	237,476
Direct operating expenses	96,147	103,176
	129,625	134,300
Future rental payments receivable:		
Not later than one year	152,948	152,948
Later than one year and not later than five years	382,371	535,319
Later than five years	--	--
	535,319	688,267

12. Intangible assets

	Purchased software	Naming rights	Total
Cost			
Balance at January 1, 2022	2,491,886	2,205,000	4,696,886
Additions	341,955	--	341,955
Disposals/transfers	(2,173,760)	--	(2,173,760)
Impairment	--	(496,125)	(496,125)
Balance at December 31, 2022	660,081	1,708,875	2,368,956
Additions	--	--	--
Disposals/transfers	--	--	--
Impairment	--	--	--
Balance at December 31, 2023	660,081	1,708,875	2,368,956
Accumulated amortization			
Balance at January 1, 2022	208,850	1,294,703	1,503,553
Amortization	448,805	181,960	630,765
Disposals/transfers	(186,983)	--	(186,983)
Balance at December 31, 2022	470,672	1,476,663	1,947,335
Amortization	144,078	58,053	202,131
Disposals/transfers	--	--	--
Balance at December 31, 2023	614,750	1,534,716	2,149,466
Net book value			
Balance at December 31, 2022	189,409	232,212	421,621
Balance at December 31, 2023	45,331	174,159	219,490

The carrying amount of intangible assets includes assets under development at December 31, 2023 of $nil (2022 - $nil).

13. Other liabilities

	2023	2022
Payroll related amounts	193,882	1,166,734
Other accounts payable	4,018,160	1,824,723
Deferred income tax liabilities	125,261	--
Unearned revenue	178,173	114,945
Unclaimed balances	85,885	107,016
	4,601,361	3,213,418

14. Deposits

	2023	2022
Chequing	166,327,487	178,376,170
Savings	76,604,485	81,674,795
Term deposits	215,649,752	233,171,077
Registered accounts	158,247,006	134,825,408
Accrued interest	6,974,497	3,028,772
	623,803,227	631,076,222

At December 31, 2023, $155,623,000 (2022 - $126,205,000) of deposits are expected to be settled more than 12 months after the reporting date.

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 2023, $6,005,881 (2022 – $-nil-) 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 guarantees 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 statement of financial position. The associated liability at December 31, 2023, is recorded net of unamortized transaction costs of $181,394 (2022 - $39,234).

As part of its liquidity management strategy, the Credit Union retains part of its issued NHA MBS certificates. NHA MBS certificates that have been retained by the Credit Union are $9,158,578 (2022 - $10,025,069) with a fair value of $8,748,568 (2022 - $9,362,635). These unsold NHA MBS certificates are reported in loans receivable in the statement of financial position.

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

	2023		2022	
	Loan assets	Secured debt	Loan assets	Secured debt
Less than 1 year	--	--	8,240,496	8,177,802
1 year and over	5,908,589	5,894,473	--	--
Total securitization	5,908,589	5,894,473	8,240,496	8,177,802

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

	2023	2022
Fair value of transferred assets	5,908,589	8,240,496
Less: fair value of secured debt	5,848,629	8,081,029
Net position	59,960	159,467

16. Loans payable

SaskCentral

The Credit Union has an authorized line of credit with SaskCentral in the amount of $7,000,000 (2022 - $7,700,000) bearing an interest rate of prime less 0.50%. Prime was 6.70% at December 31, 2023 (2022 – 6.45%). Additionally, the Credit Union has a US dollar denominated line of credit with SaskCentral in the amount of $100,000 (2022 - $100,000) bearing an interest rate of 8.00% (2022 – 6.95%.) At December 31, 2023, and 2022, 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 (2022 - $3,800,000) 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, 2023, the Credit Union has drawn $nil (2022 - $3,800,000), bearing an interest rate of nil% (2022 – 5.05%). The Credit Union maintains a short-term repo credit facility in the amount of $3,800,000 (2022 - $3,800,000) with SaskCentral. The interest rate payable on this short-term repo credit facility is the Bank of Canada overnight rate plus 0.50% (2022 – 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.

Equitable Bank (formerly Concentra Bank)

The Credit Union has a secured quick line (revolving credit facility) in the amount of $40,000,000 from Equitable 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%. As of December 31, 2023, the Credit Union has drawn $nil (2022 – $12,000,000) on its Equitable Bank quick line credit facilities.

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.

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 250% is assigned. The ratio of regulatory capital to risk-weighted assets is calculated and compared to the standard outlined by CUDGC. Regulatory standards require credit unions to maintain a minimum total eligible capital to risk-weighted assets of 8%, a minimum total tier 1 capital to risk- weighted assets of 6% and a minimum common equity tier 1 capital to risk-weighted assets of 4%. 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%. The capital conservation buffer is designed to avoid breaches of the minimum capital requirement. Outside periods of stress, the Credit Union is required to hold buffers of capital above the regulatory minimum. If the buffer is drawn down, the Credit Union will be required to implement a capital plan for rebuilding the buffer within a reasonable time frame.

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.

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 2023:

	Regulatory standard (Minimum plus 2.5% buffer)	Board Minimum
Total eligible capital to risk-weighted assets	10.5%	13.0%
Total tier 1 capital to risk-weighted assets	8.5%	9.5%
Common equity tier 1 capital to risk-weighted assets	7.0%	9.5%
Leverage ratio	5.0%	6.0%

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

	2023	2022
CET1 capital comprises:		
Retained earnings	73,109,455	72,767,699
Accumulated other comprehensive income (loss)	(2,912,863)	(4,106,848)
Deductions from CET1 capital:		
Intangible assets	(219,490)	(421,621)
Deferred tax assets	(2,119,313)	(2,555,375)
Eligible CET1 capital	67,857,789	65,683,855
Additional tier 1 capital		
Total eligible tier 1 capital	67,857,789	65,683,855
Tier 2 capital comprises:		
Membership capital	74,040	74,015
Collective allowance	897,325	1,157,282
Total tier 2 capital	971,365	1,231,297
Total eligible capital	68,829,154	66,915,152
Risk weighted assets	400,418,422	435,596,648
Total eligible capital to risk-weighted assets	17.1%	15.4%
Total tier 1 capital to risk-weighted assets	16.9%	15.1%
Common equity tier 1 capital to risk-weighted assets	16.9%	15.1%
Leverage ratio	9.4%	8.9%

19. Fair value of financial instruments

Summary of valuation methods and assumptions

The Credit Union uses a variety of valuation techniques to measure the fair value of its financial instruments including the use of relevant market prices (Level 1) and valuation models which rely on both observable (Level 2) and unobservable (Level 3) inputs based on information available at the reporting date. Due to the use of subjective judgement and uncertainties, the aggregate fair value amounts disclosed in the financial statements should not be interpreted as necessarily being realizable in an immediate settlement or sale. The following is a summary of the methods and assumptions that 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;
- the 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; and
- 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.

Carrying values and fair value hierarchy

The following table summarizes the carrying values and fair values the Credit Union's financial instruments:

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
FINANCIAL ASSETS				
Cash and cash equivalents	20,617,775	20,617,775	21,932,391	21,932,391
Investments	133,164,611	132,712,870	103,853,305	102,524,882
Loans	541,717,923	530,106,419	582,222,704	560,125,309
Derivative assets	--	--	--	--
Other assets	380,542	380,542	10,268,750	10,268,750
Total financial assets	695,880,851	683,817,606	718,277,150	694,851,332
FINANCIAL LIABILITIES				
Deposits	623,803,227	625,721,285	631,076,222	624,463,147
Loans payable	--	--	15,800,000	15,800,000
Secured borrowing	5,894,473	5,848,629	8,177,802	8,081,029
Membership shares	74,040	74,040	74,015	74,015
Lease liabilities	1,355,890	1,355,890	1,404,466	1,404,466
Derivative liabilities	4,528,904	4,528,904	5,999,499	5,999,499
Other liabilities	4,297,927	4,297,927	3,098,473	3,068,473
Total financial liabilities	639,954,461	641,826,675	665,630,477	658,890,629

The fair value and related carrying value of the financial instruments have been summarized in the table below by level within the fair value hierarchy, except those financial instruments whose carrying amount is a reasonable approximation of fair value.

	2023			
FINANCIAL ASSETS	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
SaskCentral shares	--	2,357,240	--	2,357,240
Preferred shares	--	2,000,000	--	2,000,000
Other investments	--	--	2,596,574	2,596,574
Provincial and corporate bonds	--	25,819,457	--	25,819,457
Financial assets at amortized cost				
Investments	--	99,939,599	--	99,939,599
Loans	--	530,106,419	--	530,106,419
Total financial assets	--	660,222,715	2,596,574	662,819,289
FINANCIAL LIABILITIES				
Financial liabilities at FVOCI				
Derivative liabilities	--	4,528,904	--	4,528,904
Financial liabilities at amortized cost				
Deposits	--	625,721,285	--	625,721,285
Loans payable and secured borrowing	--	5,848,629	--	5,848,629
Total financial liabilities	--	636,098,818	--	636,098,818

	2022			
FINANCIAL ASSETS	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
SaskCentral shares	--	4,764,110	--	4,764,110
Preferred shares	--	2,000,000	--	2,000,000
Other investments	--	--	2,968,518	2,968,518
Provincial and corporate bonds	--	28,745,635	--	28,745,635
Financial assets at amortized cost				
Investments	--	64,046,618	--	64,046,618
Loans	--	560,125,309	--	560,125,309
Total financial assets	--	659,681,673	2,968,518	662,650,190
FINANCIAL LIABILITIES				
Financial liabilities at FVOCI				
Derivative liabilities	--	5,999,499	--	5,999,499
Financial liabilities at amortized cost				
Deposits	--	624,463,147	--	624,463,147
Loans payable and secured borrowing	--	23,881,029	--	23,881,029
Total financial liabilities	--	654,343,675	--	654,343,675

Level 3 Assets: Changes in recurring measurements	2023	2022
Balance, beginning of year	2,968,518	3,638,762
Unrealized gains (losses) recognized in FVTPL	(49,920)	(344,214)
Additions	205,000	226,000
Disposals	(527,024)	(552,029)
Balance, end of year	2,596,574	2,968,518

20. Financial risk management

The following note presents information about the Credit Union's exposure to risks from its financial instruments and the objectives, policies and processes for measuring and managing risk.

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. By regulation, the maximum aggregate credit exposure per member is capped at 25% of eligible capital and the Board of Directors has further restricted this limit to $12,000,000, representing 17.4% of eligible capital. The established portfolio mix for 2023 is:

	Board objectives	Actual
Consumer	60%	61%
Commercial	40%	39%

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
Very low risk, low risk	305,797,150	129,951,069
Medium risk	215,703,377	2,596,574
High risk	14,518,092	--
Impaired	7,471,959	--
Gross credit exposures	543,490,578	132,547,643
Accrued interest	2,024,141	642,667
Allowance for credit losses	(3,932,796)	(25,699)
Total credit risk exposures, net	541,581,923	133,164,611

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.

Member deposits, excluding accrued interest, mature as follow:

	2023	2022
On demand	257,122,578	275,702,630
Under 1 year	203,591,261	226,140,287
1 to 2 years	57,447,887	72,798,373
2 to 3 years	21,174,746	26,762,449
3 to 4 years	21,518,210	10,338,541
Over 4 years	55,974,048	16,305,170
	616,828,730	628,047,450

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: (1) consists of cash or assets that can be converted into cash at little or no loss of value, and; (2) meets its liquidity needs for a 30-calendar day stress scenario.

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.

	2023		2022	
	Actual	Weighted	Actual	Weighted
High quality liquid assets (HQLA)				
Level 1 assets	57,480,189	57,480,189	53,454,813	53,454,813
Level 2A assets	1,105,999	940,099	4,948,038	4,205,832
Level 2B assets	16,108,635	10,309,463	28,286,914	10,175,408
Total HQLA	74,694,823	68,729,765	86,689,765	67,836,053

	2023		2022	
	Actual	Weighted	Actual	Weighted
Cash outflows:				
Stable retail deposits	193,024,682	9,651,234	184,758,387	9,237,919
Less stable retail deposits	31,762,467	3,176,247	19,118,804	1,911,980
Unsecured wholesale funding/deposits	82,583,158	7,497,109	160,789,223	12,164,058
Other contractual funding obligations	203,057,859	8,255,783	200,739,770	9,036,038
Total cash outflows	510,428,166	28,580,373	565,406,184	32,349,995
Cash inflows:				
Inflows from loan repayments	2,900,745	1,450,373	3,177,368	1,588,684
Inflows from other counterparties	(444,455)	(222,228)	225,910	225,910
Not included in HQLA	43,700,000	43,700,000		
Total cash inflows	46,156,290	44,928,145	3,403,278	1,814,594
Cash inflows after CUDGC maximum inflow cap applied, if required		21,435,280		
Total net cash outflows		7,145,093		30,535,401
Quarterly LCR history				
March 31		177%		134%
June 30		241%		187%
September 30		264%		164%
December 31		962%		222%

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

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 can change 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.

The following table summarizes the Credit Union’s exposure 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. The tables do not identify management’s expectations of future events where re-pricing and maturity dates differ from contractual dates.

	2023 (In thousands)						
	On Demand	Within 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest sensitive	Total
Cash and cash equivalents	17,897	--	--	--	--	2,721	20,618
Effective rate	*2.15%*	--	--	--	--	--	*1.87%*
Investments	46,057	29,485	18,871	20,438	17,690	624	133,165
Effective rate	*4.72%*	*4.63%*	*1.57%*	*3.28%*	*2.49%*	--	*3.71%*
Loans	118,104	42,460	58,988	321,162	630	374	541,718
Effective rate	*7.52%*	*4.31%*	*4.32%*	*3.75%*	*5.60%*	--	*4.68%*
Other assets	--	--	--	--	--	14,954	14,954
Effective rate	--	--	--	--	--	--	--
Total assets	182,058	71,945	77,859	341,600	18,320	18,673	710,455
Effective rate	*6.28%*	*4.44%*	*3.65%*	*3.72%*	*2.60%*	--	*4.32%*
Deposits	67,064	66,664	136,927	156,115	--	197,033	623,803
Effective rate	*1.51%*	*3.12%*	*3.30%*	*3.96%*	--	--	*2.21%*
Other liabilities	--	--	--	10,423	--	6,032	16,455
Effective rate	--	--	--	*3.92%*	--	--	*2.50%*
Members' equity	--	--	--	--	--	70,197	70,197
Total liabilities and members' equity	67,064	66,664	136,927	166,538	--	273,262	710,455
Effective rate	*1.51%*	*3.12%*	*2.93%*	*3.96%*	--	--	*2.00%*
On-balance sheet gap	114,994	5,281	(59,068)	175,061	18,320	(254,589)	--
Derivatives	(75,000)	--	--	75,000	--	--	--
Net mismatch	39,994	5,281	(59,068)	250,061	18,320	(254,589)	--

	2022 (In thousands)						
	On Demand	Within 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest sensitive	Total
Cash and cash equivalents	19,812	--	--	--	--	2,120	21,932
Effective rate	--	--	--	--	--	--	--
Investments	32,674	6,260	16,686	19,499	22,895	5,839	103,853
Effective rate	*6.45%*	*0.82%*	*1.39%*	*1.32%*	*1.90%*	--	*2.49%*
Loans	161,177	28,727	106,501	284,875	483	460	582,223
Effective rate	*7.51%*	*3.36%*	*3.58%*	*3.47%*	*4.75%*	--	*4.61%*
Other assets	1,814	--	--	--	--	24,584	26,398
Effective rate	--	--	--	--	--	--	--
Total assets	215,477	34,987	123,187	304,374	23,378	33,003	734,406
Effective rate	*7.32%*	*2.15%*	*3.28%*	*3.34%*	*1.96%*	--	*4.09%*
Deposits	30,388	57,013	169,129	126,155	49	248,342	631,076
Effective rate	*1.92%*	*2.12%*	*3.14%*	*2.05%*	*2.05%*	--	*1.80%*
Other liabilities	12,000	4,634	7,407	--	--	10,628	34,669
Effective rate	*5.93%*	*4.66%*	*2.89%*	--	--	--	*1.06%*
Members' equity	--	--	--	--	--	68,661	68,661
Total liabilities and members' equity	42,388	61,647	176,536	126,155	49	327,631	734,406
Effective rate	*3.06%*	*2.32%*	*2.93%*	*3.14%*	*2.05%*	--	*1.69%*
On-balance sheet gap	173,089	(26,660)	(53,349)	178,219	23,329	(294,628)	--
Derivatives	(100,000)	--	25,000	75,000	--	--	--
Net mismatch	73,089	(26,660)	(28,349)	253,219	23,329	(294,628)	--

A 1% increase in interest rates with all other variables held constant would result in an increase in the Credit Union's profit for the year ended December 31, 2023, of $703,000 (2022 - increase of $906,000). A 1% decrease in interest rates with all other variables held constant would result in a decrease in the Credit Union's profit for the year ended December 31, 2023 of $782,000 (2022 - decrease of $899,000). The Credit Union uses simulation modeling to simulate the effect of a change in the market rate of interest.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Credit Union's exposure to foreign currency risk arises due to Member's U.S. dollar deposits.

21. Income taxes

	2023	2022
Current tax expense		
Current income tax expense on profit for current year	(10,361)	107,693
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	(65,160)	(835,370)
Total income tax expense	(75,521)	(727,677)

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

	2023	2022
Income before income taxes	266,234	7,291,528
Combined federal and provincial tax rate	27%	27%
Income tax expense at statutory rate	71,883	1,968,712
Adjusted for the net effect of:		
Non-deductible expenses	1,719	1,247
Non-taxable dividend income	--	(2,697,450)
Prior year adjustment	(138,763)	
Other	(10,361)	(187)
Total income tax expense	(75,522)	(727,678)
Effective rate of tax	-28%	-10%
Deferred tax assets		
Property and equipment	371,254	184,939
Loans	317,991	329,991
Non-capital loss carryforward	2,119,312	2,555,375
Other	10,558	
Total deferred tax assets	2,819,115	3,070,305
Deferred tax liabilities		
Venture Capital Investments	125,261	--
	125,261	--
Net deferred tax asset	2,693,855	3,070,306

22. 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 cannot 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.

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.

	2023	2022
Undrawn lines of credit	178,203,419	175,783,914
Letters of credit	1,281,755	368,938
Commitments to extend credit	22,943,999	22,527,215
Total Commitments to extend credit	202,429,173	198,680,067
Commitments to fund investments	569,000	774,000
Total Commitments to extend credit and fund investments	202,998,173	199,454,067

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 2023, the Credit Union has advanced $431,000 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:

2024	927,194
2025	592,434
2026	579,801
2027	597,195
2028	496,932
Thereafter	352,241

23. 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, 2023, certain members of the board of directors and key management personnel were indebted to the Credit Union for amounts totaling $3,942,975 (2022 - $3,835,344). 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 $614,943 (2022 - $1,572,877). These accounts are maintained under the same terms and conditions applicable to other members and are included in member deposits on the statement of financial position.

Compensation

Compensation presented as short-term benefits includes wages, salaries, statutory government contributions, paid annual leave, paid sick leave, variable compensation and the value of fringe benefits received, but excludes out-of-pocket expense reimbursements. The aggregate compensation of directors and key management personnel during the year comprising amounts paid or payable or provided for is as follows:

	2023	2022
Short-term employee benefits	1,049,630	1,670,887
Post-employment benefits	60,780	108,928
Director remuneration	76,737	72,393
Total compensation paid to key management personnel	1,187,147	1,852,208

Key management personnel participate in the Credit Union's short-term incentive program based on the financial performance of the Credit Union. This variable compensation and associated post-employment benefits are accrued in the fiscal year earned and paid out in the following year. Short-term incentive compensation accrued for in 2023 for key management personnel is $nil (2022 - $258,003) and post-employment pension benefits of $nil (2022 - $18,060) and these amounts are reflected in the above table.

24. Comparative figures

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

TCU FINANCIAL GROUP CREDIT UNION
SCHEDULE 1: NON-INTEREST EXPENSES
FOR THE YEARS ENDED DECEMBER 31

	2023	2022
Personnel		
Salaries	8,089,064	10,375,369
Employee benefits	1,505,935	1,492,205
Development	102,937	50,301
Other personnel costs	85,011	95,726
	9,782,947	12,013,601
Occupancy		
Depreciation – building	408,926	408,926
Maintenance, taxes, insurance – building	652,410	595,180
Utilities	183,758	162,039
Leased buildings	318,914	304,546
Other building costs	58,735	58,736
	1,622,743	1,529,427
Member security		
CUDGC deposit insurance assessment	502,438	520,680
Bonding insurance	80,955	70,858
	583,393	591,538
General business		
Business development	265,451	200,502
Computer costs	2,180,908	2,556,356
Audit and professional services	592,543	804,118
Overdraft fees and cash shortage	50,467	18,215
Service, clearing and ATM charges	500,295	444,234
Telephone, postage and courier	142,868	154,998
Depreciation – furniture and equipment	307,782	346,204
Amortization – intangible assets	202,131	630,765
Impairment – intangible assets	--	496,125
Other general business costs	1,397,567	1,689,509
	5,640,012	7,341,026
Organization costs		
Annual meeting	1,720	--
Development – officials	6,389	6,052
Remuneration – officials	76,130	73,839
SaskCentral dues	37,616	33,022
Other organization costs	33,891	43,188
	155,746	156,101
Total non-interest expenses	17,784,841	21,631,693

CREDIT UNION DEPOSIT GUARANTEE CORPORATION
ANNUAL REPORT MESSAGE 2023

January 2024

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

Established in 1953, the Corporation holds the distinction of being the first deposit guarantor in Canada, ensuring the successful guarantee of deposits. Through the promoting of responsible governance and prudent management of capital, liquidity, and guaranteeing deposits, the Corporation plays a crucial role in fostering confidence in Saskatchewan PRFIs.

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

Officers

Greg Peacock, Chief Executive Officer

Greg has over 29 years of experience within the financial services industry, over 28 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 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.

Crystal Mills, Chief Operating Officer

Crystal is an accomplished and multidisciplinary business and operations leader with over 25 years of experience, primarily in financial services. She is a decorated visionary and thought leader focused on advancing the strategic direction of organizations through innovation, continuous growth and enabling scalability in evolving markets.

Prior to joining TCU Financial Group, Crystal held leadership roles at Conexus Credit Union and TD Canada Trust, where she supported the strategic development and implementation of retail and wealth banking programs, and at SaskPower where she led and mentored teams dedicated to improving service delivery to its clients and across the enterprise.

Crystal holds an eMBA from Kenneth Levene Graduate School of Business at the University of Regina. She obtained certification in Prosci change management, Branch Compliance Officer (BCO), Professional Financial Planning (PFP), Project Management Professional (PMP, in progress), and has trained in agile leadership and other areas to hone her strong business acumen and collaborative leadership style.

Crystal is a community activator and serves as Vice Chair at SOFIA House. Although she spent a few years in Alberta, Crystal is a true Saskatchewanian and in her spare time, she enjoys traveling, gardening, and spending time with family and friends.

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 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.

Officers

Randy Martynuik, Chief Information Officer

Randy brings with him more than 25 years of progressively responsible experience spanning multiple industries including Information Technology, Financial Services, Transportation and Energy. His career has been a journey of educational, skillset, and competency growth focusing on areas including technology innovation, information technology leadership, information management, enterprise architecture, project management and process improvement.

Prior to joining TCU Financial Group, Randy's credit union experience was gained serving five years as the Head of Innovation and Technology at SaskCentral, where he was responsible for providing strategic technology leadership, digital transformation and managing technology operations. Randy also served 13 years at CUETS (Credit Union Electronic Transaction Services) where he provided technology leadership and business acumen to the organization.

Randy holds a Project Management Professional designation, and has both a bachelor's degree in Business Administration and a certificate in Computer Science from the University of Regina.

Born and raised in Saskatchewan, Randy balances his personal time between his family, golfing, travelling and tinkering with his old Porsche and Victory motorcycle.

Dawn Bell, Chief Risk & Compliance Officer

Dawn has spent the last 26 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.

Dawn was born and raised in Saskatchewan and is very proud of her prairie roots. She also loves to travel and explore new places. If she's not working or traveling, you may find her onstage with one of Saskatoon's amateur theatre groups.

TCU

Financial Group