



2025

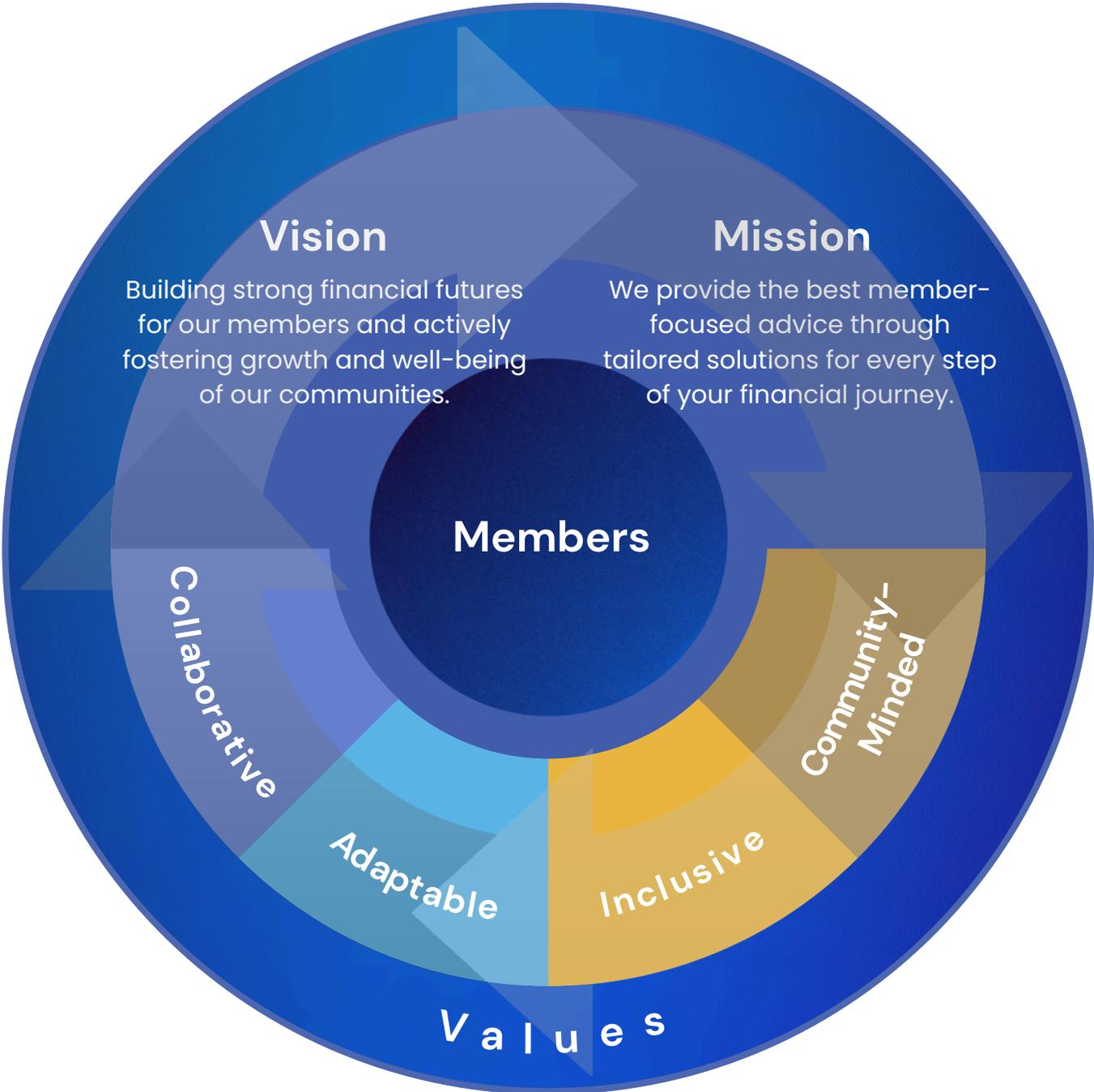
Annual Report



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Vision, Mission & Values



Who we are

Collaborative

We leverage our collective knowledge to find innovative and unique ways to create solutions that serve our members' needs. Our trusted team of experts are here to listen, understand and work collaboratively with our members, ensuring that we provide the right financial services and support when they need them the most.

Adaptable

We continuously seek better ways to advance and serve our members; through lifelong learning, improved technology, innovative financial products or streamlined processes, we aim to make our members' financial journey as seamless as possible. We embrace the opportunities that innovation brings.

Inclusive

We foster a culture where diverse perspectives converge to fuel new solutions, share knowledge, and seek better ways to serve our members. We are dedicated to creating a trusting atmosphere where every member feels comfortable discussing their financial history and goals. We believe that open and honest conversations form the bedrock of a successful banking relationship, and we are committed to assisting members in making well-informed financial decisions that align with their unique ambitions.

Community-Minded

We are committed to giving back, supporting local initiatives, and fostering growth within our communities. Our dedication goes beyond financial services – we actively engage in community development, sustainable practices, and social responsibility. Our goal is not just financial success, but also to leave a lasting, positive legacy in the communities we serve. Our cooperative principles guide us, and we believe in being a champion for positive change, working alongside our community partners to create a brighter and more prosperous future for all.

Message from Board of Directors' Chair and Chief Executive Officer

The past year marks another meaningful chapter in TCU Financial Group's journey as a member-owned financial cooperative. Throughout 2025, we remained focused on strengthening the financial futures of our members, supporting our employees, and investing in the long-term sustainability of our credit union. The year was one of continued change across the financial landscape, but our commitment to stability, service, and community never wavered.

Financial Performance

We are proud of the financial results achieved this year. They reflect strong performance, and the trust and loyalty of our members. With a solid capital base and sustainable growth, we are well positioned to continue investing in the products, services, and technologies that support long term member prosperity.

Technology and Digital Advancements

Technology and innovation continued to shape our direction. We advanced our digital transformation strategy -- modernizing systems, improving internal efficiencies, and expanding digital services to make banking more accessible and intuitive. These investments are building a stronger foundation for the future—one that supports both exceptional member experiences and operational resilience.

Community Commitment

Our commitment to our communities remained at the heart of our work. Through financial contributions, volunteerism, and partnerships, we supported local organizations and initiatives that strengthened the social and economic fabric of our province. As a cooperative, we believe our success is measured not only in financial results but in the positive impact we create together.

Our Strategic Roadmap Ahead

We are deeply grateful to our Board of Directors for their leadership, dedication, and thoughtful guidance throughout the year. Their commitment to strong governance has been essential in navigating change and advancing our strategic priorities.

We also express our gratitude to our management team and staff. Their hard work, professionalism, and passion for serving our members are the driving force behind our success. Their contributions ensure that TCU Financial Group continues to deliver exceptional member service and meaningful value.

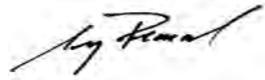
To our members, thank you for your continued trust and engagement. You are the foundation of our credit union. Together, we have built a strong, resilient organization that is prepared for the future and committed to supporting your financial wellbeing.

As we look ahead, we are optimistic about the opportunities before us. We will continue to invest in our people, our technology, and our communities, ensuring we remain a trusted partner for our members and a strong, sustainable credit union for generations to come. Thank you for your partnership and confidence in TCU Financial Group.

Respectfully yours,

Handwritten signature of Stephanie Mansfield in black ink.

Stephanie Mansfield
Chair – Board of Directors

Handwritten signature of Greg Peacock in black ink.

Greg Peacock
Chief Executive Officer



Stephanie Mansfield – Chair
Board Member since 2013



Angela Prokop – Vice Chair
Board Member since 2020



Jeffery Brown
Board Member since 2024



Nicole Cox
Board Member since 2019



Brett Gerich
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



Sheldon Gerspacher
Board Member since 2024



Donald Hobday
Board Member since 2021



Greg Lepp
Board Member since 2023



Stacy Lloyd
Board Member since 2025



Norm Peel
Board Member since 2023

Meeting Attendance

2025 Board & Board Committee Meeting Attendance January 1 - December 31, 2025							
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	6 of 6	5 of 5	2 of 2	4 of 4		3 of 3	10 of 10 ¹
Angela Prokop Vice Chair	6 of 6	5 of 5		4 of 4	5 of 5		5 of 5
Jeffery Brown	6 of 6		2 of 3		2 of 2		5 of 5
Nicole Cox	4 of 6		2 of 2	1 of 1	3 of 3	3 of 3	5 of 5
David Froh ²	1 of 2					0 of 1	
Brett Gerich	5 of 6					4 of 4	5 of 5
Sheldon Gerspacher	5 of 6		5 of 5		3 of 3		5 of 5
Donald Hobday	6 of 6		3 of 3	1 of 1		1 of 1	3 of 5
Greg Lepp	6 of 6			3 of 3	2 of 2	4 of 4	5 of 5
Stacy Lloyd ³	3 of 4				3 of 3		5 of 5
Norm Peel	6 of 6		5 of 5	3 of 3	2 of 2		5 of 5

¹ Includes Corporate Social Responsibility Committee – 5 meetings (not a committee of the Board)

² term ended

³ term started

Other includes:

- AGM
- Re-organization Meeting
- Strategic Planning Meetings
- Regulatory Compliance & Cybersecurity Training
- Director Feedback Meetings

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

Delegate Remuneration

2025 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	\$11,440.00	\$4,804.61	\$751.96	\$24,196.57
Angela Prokop Vice Chair	\$3,700.00	\$6,850.00	\$550.29	\$835.95	\$11,936.24
Jeffery Brown	\$1,200.00	\$4,800.00	\$571.17	\$2,143.96	\$8,715.13
Nicole Cox	\$1,200.00	\$5,020.00	-	\$1,087.96	\$7,307.96
David Froh ²	\$400.00	\$200.00	-	-	\$600.00
Brett Gerich	\$1,200.00	\$3,480.00	\$654.07	\$688.96	\$6,023.03
Sheldon Gerspacher	\$1,200.00	\$5,800.00	\$1,737.89	\$4,089.96	\$12,827.85
Donald Hobday	\$1,200.00	\$3,050.00	-	\$646.95	\$4,896.95
Greg Lepp	\$1,200.00	\$5,390.00	\$923.81	\$1,245.95	\$8,759.76
Stacy Lloyd ¹	\$800.00	\$3,400.00	\$310.34	\$1,270.95	\$5,781.29
Norm Peel	\$1,200.00	\$5,990.00	\$1,140.20	\$1,124.95	\$9,455.15
Total	\$20,500.00	\$55,420.00	\$10,692.38	\$13,887.55	\$100,499.93

¹ term ended

² term started

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 2025, the Board of Directors held six regular meetings and four 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 2025, 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 2025, 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 2025, 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 2025, 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 (who in 2025 was also the Vice Chair of the Board, meaning the committee only had four members). During 2025, 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.

The Executive Management team consists of the following:

- Greg Peacock – Chief Executive Officer
- Jason Bazinet – Chief Financial Officer
- Dawn Bell – Chief Risk & Compliance Officer
- Randy Martynuik – Chief Information Officer
- Crystal Mills – Chief Operating 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, Healthcare, Food Insecurity, Financial Literacy and Education.

Donations were made to: Hockey Helps the Homeless, Hospitals of Regina Foundation, Regina Food Bank, Saskatoon Food Bank, Regina Food for Learning, Regina Street Culture, Foundations Learning Skills Sask., Hope Restored, SWITCH, Run for Saskatoon, Ronald McDonald House, Jim Pattison's Children's Hospital, CHEP Good Food, YWCA Regina, and the Salvation Army



\$5,000

allocated to scholarships



\$15,000

allocated to donations



Saskatoon Food Bank



Ronald McDonald House Home for Dinner

Highlights

In 2025, Canada's Credit Unions were honoured with six Ipsos Financial Service Excellence Awards

- Customer Service Excellence
- Values My Business
- ATM Banking Excellence
- Branch Service Excellence
- Online Banking Excellence
- Live Agent Telephone Banking Experience

By the numbers

6th largest provincially regulated credit union in Saskatchewan

\$765 million in assets on the credit union side

Serving over **14,500** members

\$457 million in managed assets on the wealth management side

TCU Financial Group employs **99** 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, 2025. 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 are the responsibility of management and is current as of March 24, 2026.

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

Saskatchewan's economy recorded moderate growth in 2025, supported by continued strength in primary industries, population growth, and easing inflationary pressures. Economic conditions remained generally stable despite ongoing global uncertainty related to geopolitical developments, commodity price volatility, and international trade dynamics.

Provincial real gross domestic product (GDP) is estimated to have grown by approximately 1.7% in 2025, reflecting a normalization from the stronger growth experienced in the prior year. Economic activity was supported by agriculture, mining, construction, and public sector activity, while manufacturing and certain trade exposed sectors experienced softer conditions.

Labour Market and Demographics:

Labour market conditions remained relatively stable through 2025. Employment growth was concentrated in construction, agriculture, health care, education, and public administration. The provincial unemployment rate averaged near 5%, remaining below the national average and indicating continued demand for labour.

Population growth continued to support economic activity, primarily driven by international immigration. Population increases contributed to housing demand, consumer spending, and labour force expansion, partially offsetting demographic pressures associated with interprovincial migration.

Inflation and Interest Rates:

Inflation moderated significantly over the course of 2025, with consumer price increases averaging below 2%. Lower inflation helped stabilize household purchasing power and reduced cost pressures for businesses.

In response to easing inflation and slowing national economic growth, the Bank of Canada reduced its policy interest rate during 2025, ending the year at 2.25%. Lower borrowing costs provided relief to households and businesses, although the effects of higher interest rates from prior years continued to influence debt servicing capacity and financial decision making.

Financial Performance Review

Financial Management	2025 Actual	2025 Plan	2024 Actual
Assets	765,159,394	756,152,000	722,088,229
Growth (\$)	43,071,165	34,063,771	11,633,742
Growth (%)	6.0%	4.7%	1.6%
Loans	586,187,142	587,506,000	554,436,622
Growth (\$)	31,750,520	33,069,378	12,718,699
Growth (%)	5.7%	6.0%	2.3%
Deposits	678,594,388	675,701,000	637,495,146
Growth (\$)	41,099,242	38,205,854	13,691,919
Growth (%)	6.4%	6.0%	2.2%

Total assets increased by 6.0% in 2025 to \$765.2 million, exceeding plan and reflecting continued balance sheet growth across both lending and deposit activities. Growth was materially higher than in 2024 and was supported by stable member demand and effective funding management.

Net loans increased by 5.7% to \$586.2 million, broadly in line with plan. Deposit balances grew by 6.4% to \$678.6 million, providing sufficient funding to support loan growth while maintaining a strong liquidity position.

Loans and Leases	2025	2024	Change	
			\$	%
Residential mortgages	208,021,665	211,922,333	(3,900,668)	-1.8%
Home equity lines of credit	112,715,348	101,038,641	11,676,707	11.6%
Personal loans	7,246,877	7,737,555	(490,678)	-6.3%
Commercial loans	235,800,736	213,527,700	22,273,036	10.4%
Lines of credit and overdrafts	24,367,643	20,785,135	3,582,508	17.2%
Leases	-	368,920	(368,920)	-100.0%
Gross loans	588,152,269	555,380,284	32,771,985	5.9%
Accrued interest	2,023,969	2,072,723	(48,754)	-2.4%
Allowance for credit losses	(4,076,322)	(3,016,385)	(1,059,937)	35.1%
Foreclosed property held for resale	87,226	-	87,226	
Net loans	586,187,142	554,436,622	31,750,520	5.7%

Gross loans increased by 5.9% in 2025 to \$588.2 million. Commercial loans were the primary driver of growth, increasing by 10.4%, reflecting continued demand from business members for financing related to operations and capital investment.

Lines of credit and overdrafts increased by 17.2%, indicating higher utilization of revolving credit facilities. Home equity lines of credit increased by 11.6%, while residential mortgage balances declined modestly by 1.8%, consistent with reduced housing market activity and affordability pressures. Personal loans declined by 6.3%.

The allowance for credit losses increased by \$1.1 million in 2025 to \$4.1 million, reflecting loan portfolio growth and management's assessment of forward-looking credit risk. To establish allowances for credit losses, TCU utilizes complex modelling, which evaluates loan exposures to assess probability of default, exposure at default, loss given default, and present value calculations. Forward-looking information is incorporated into the determination of expected credit loss by considering regional economic forecasts, collecting information available from regular commercial dealings with members, and other publicly available information or that could be deployed in the measurement of expected credit losses.

The macroeconomic factors that affect the Credit Union's expected credit loss calculations are Saskatchewan unemployment rates, provincial housing starts, national interest rates, national GDP growth, and national oil prices. Each factor is forecasted in a base case, a best case and a worst-case scenario. Key factors influencing assumptions of the simulations are economic uncertainties tied to interest rate changes, continued inflationary pressures, the quality of credit, and the borrower's future ability to service debt. While allowances for credit losses increased, these are primarily attributed to the growth of the commercial loan portfolio and changes to the forward-looking macroeconomic factors used within the simulations. Overall credit quality indicators and delinquency rates remained stable in 2025. For detailed information on the credit risk characteristics on the loan portfolio, please see the notes to the financial statements covering member loans receivable (note 6), and financial instruments (note 21).

Composition of Loan Portfolio	2025	2024
Secured by residential real estate	55%	56%
Consumer personal loans	1%	1%
Commercial loans and leases	40%	39%
Lines of credit and overdrafts	4%	4%

The composition of the loan portfolio remained generally stable in 2025. Loans secured by residential real estate represented 55% of total loans, compared to 56% in the prior year. Commercial loans and leases increased to 40% of the portfolio, reflecting higher commercial lending activity.

Lines of credit and overdrafts remained at 4% of the portfolio, while consumer personal loans accounted for 1%. The portfolio continues to reflect a balanced mix of consumer and commercial exposures consistent with the credit union's risk appetite and diversification objectives.

Deposits	2025	2024	Change	
			\$	%
Consumer retail deposits				
Chequing	119,539,263	110,769,537	8,769,726	7.9%
Savings	56,107,499	55,859,559	247,940	0.4%
Term deposits	183,219,339	172,695,475	10,523,864	6.1%
Registered accounts	178,479,271	167,126,569	11,352,702	6.8%
Total consumer retail deposits	537,345,372	506,451,140	30,894,232	6.1%
Commercial deposits				
Chequing	69,931,485	62,698,254	7,233,231	11.5%
Savings	16,232,806	14,577,213	1,655,593	11.4%
Term deposits	47,357,121	45,708,795	1,648,326	3.6%
Total commercial deposits	133,521,412	122,984,262	10,537,150	8.6%
Accrued interest	7,727,604	8,059,744	(332,140)	-4.1%
Deposits	678,594,388	637,495,146	41,099,242	6.4%

Total deposits increased by 6.4% in 2025 to \$678.6 million. Consumer retail deposits grew by 6.1%, supported by increases in chequing balances, term deposits, and registered accounts. Savings balances were relatively stable.

Commercial deposits increased by 8.6%, driven by growth in chequing and savings accounts. Overall deposit growth remained well diversified by product and member segment, providing stable funding for lending activities.

Composition of Deposit Portfolio	2025	2024
Chequing	28%	27%
Savings	11%	11%
Term deposits	34%	35%
Registered accounts	27%	27%

Composition by Segment	2025	2024
Consumer retail deposits	80%	80%
Commercial deposits	20%	20%

The composition of the deposit portfolio remained consistent year over year. Term deposits accounted for 34% of total deposits, compared to 35% in 2024, while chequing and registered accounts represented 28% and 27%, respectively. Savings deposits remained unchanged at 11%.

Consumer retail deposits represented 80% of total deposits, with commercial deposits accounting for the remaining 20%, consistent with the prior year.

Profitability	2025 Actual	2025 Plan	2024 Actual
Revenue	21,733,997	20,874,000	21,270,389
Operating expense	18,491,419	18,900,000	18,178,571
Provision for credit losses	1,668,632	1,110,000	1,040,139
Net income	696,534	644,000	1,594,642
Comprehensive income	1,494,285	1,309,000	3,373,545
Return on average assets (ROAA)	0.09%	0.09%	0.22%
Efficiency ratio	85.1%	90.5%	85.5%

Net income for 2025 was \$696,534, exceeding plan but lower than the prior year. Revenue increased to \$21.7 million, reflecting balance sheet growth and stable net interest margins.

Operating expenses totaled \$18.5 million and were below budget, reflecting ongoing cost management while continuing to invest in core operations and infrastructure. The provision for credit losses increased to \$1.7 million, reflecting loan growth and a prudent approach to credit risk.

Return on average assets was 0.09%, consistent with plan. The efficiency ratio improved to 85.1%, outperforming budget expectations.

Capital Management	2025 Actual	2025 Plan	2024 Actual
CET1 capital / risk-weighted assets	14.5%	15.0%	15.7%
Total eligible capital / risk-weighted assets	15.1%	15.5%	16.2%
Total eligible capital / leveraged assets	9.6%	9.7%	9.8%

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.

Capital ratios remained above regulatory minimum requirements throughout 2025. The Common Equity Tier 1 (CET1) capital ratio was 14.5%, while total eligible capital to risk-weighted assets was 15.1%. The total eligible capital to leveraged assets ratio was 9.6%.

The decline in capital ratios compared to 2024 reflects asset and loan growth during the year. Capital levels continue to provide capacity to support ongoing operations and absorb potential losses.

	Total Exposure	Avg. Risk Weight	Total Risk Weighted Assets	
			2025	2024
Cash and Investments	166,458,056	22.1%	36,757,325	28,266,940
Loans	584,075,947	63.9%	373,165,160	333,846,467
Investment Property	1,638,058	100%	1,638,058	1,696,793
On-Balance Sheet Credit Risk Assets	752,172,061	54.7%	411,560,543	363,810,200
Commitments to Extend Credit Risk ¹	234,470,841	22.7%	53,155,672	48,418,993
Pillar 1 - Credit Risk Exposures	986,642,902	47.1%	464,716,215	412,229,193
Other Assets	12,987,333	112.5%	14,611,766	13,936,271
Pillar 1 - Other Risk Exposures	12,987,333	112.5%	14,611,766	13,936,271
Total On-Balance Sheet Assets	765,159,394	55.7%	426,172,309	377,746,471
Interest Rate Swaps	80,000,000	0.1%	80,000	75,000
Pillar 1 - Market Risk Exposures	80,000,000	0.1%	80,000	75,000
Gross Income (3 YR Avg.)	20,884,081	187.5%	39,157,652	37,300,205
Pillar I - Operational Risk Exposures	20,884,081	187.5%	39,157,652	37,300,205
Total Pillar I Risk Exposures	1,100,514,316	47.1%	518,565,633	463,540,669

¹ Commitments to extend credit risk includes outstanding financial instruments subject to credit risk including unadvanced lines of credit, guarantees and standby letters of credit, and commitments to extend credit, as outlined in Note 21 of the 2025 Financial Statements. It also includes asset purchase agreements to specified Venture Capital Funds as described in Note 23 of the 2025 Financial Statements.

Risk-weighted assets increased in 2025, primarily due to growth in the loan portfolio. Loans continued to represent the largest component of credit risk exposure, with an average risk weight of approximately 64%.

Cash and investment balances maintained lower risk weights, contributing to balance sheet stability. Management continues to monitor risk-weighted asset growth to ensure alignment with capital planning and risk appetite.

Leveraged Assets	2025	2024	Change	
			\$	%
Assets	765,159,394	722,088,229	43,071,165	6.0%
Deductions from capital	(72,976)	(1,004,308)	931,332	-92.7%
Undrawn revolving credit facilities	31,410,502	30,670,299	740,203	2.4%
Approved loans not yet disbursed	17,174,316	13,341,598	10,523,864	6.1%
Commercial letters of credit	645,500	826,860	(181,360)	-21.9%
Asset purchase agreements	1,244,104	1,908,000	(663,896)	-34.8%
Total leveraged assets	815,560,840	767,830,680	47,730,162	6.2%

Leveraged assets are a regulatory concept and mandated calculation that seeks to estimate the degree of leveraged exposure the credit union may have. Its calculated elements include financial commitments the credit union has made, both on its balance sheet and through approved but undrawn lending facilities and commitments. This includes loans already provided to members, as well as credit that has been approved and may be drawn in the future. While not all leveraged assets appear as loans today, they reflect the full level of financial exposure the credit union is prepared to support on behalf of its members. The eligible capital to leveraged assets ratio is an important measure because it provides a broader view of the credit union's risk and capacity than assets alone. It helps ensure that capital and liquidity levels remain sufficient not only for current lending, but also for future funding commitments should members choose to access approved credit.

Off balance sheet exposures including undrawn revolving credit facilities, and approved loans not yet disbursed, are weighted based on conversion factors ranging from 10% to 40% of the notional exposure. The leverages asset values in the table above utilized the converted weighted values, not the notional exposures. For notional values on undrawn amounts subject to credit risk, please see the notes to the financial statements covering financial instruments (note 21), and commitments (note 23).

In 2025, total leveraged assets increased by 6.2% to \$815.6 million, largely in line with overall asset growth. The increase was primarily driven by growth in loans already on the balance sheet, reflecting continued lending activity. Approved loans not yet disbursed also increased, indicating ongoing demand for credit that may be funded in future periods.

Other components of leveraged assets, such as undrawn credit facilities and letters of credit, remained stable or declined, reflecting normal changes in member usage. Deductions from capital decreased significantly compared to the prior year, which also contributed to the overall change in leveraged assets.

Management monitors leveraged assets to ensure the credit union maintains strong capital and liquidity positions. This helps protect member deposits, supports responsible lending, and ensures the credit union can continue to meet member needs under a range of economic conditions.

Liquidity Management	2025 Actual	2025 Plan	2024 Actual
Loans / assets	76.6%	77.3%	76.8%
Liquidity coverage ratio	347%	> 125%	545%

Liquidity is a cornerstone of financial stability, with key metrics reflecting a strong position. Our primary focus as a credit union is to deploy most of the funds deposited with us into member loans and our ideal loan-to-asset ratio is between 78% to 82%.

Liquidity levels remained strong in 2025. The loans-to-assets ratio was 76.6%, consistent with plan and reflective of increased deployment of funds into loans. The liquidity coverage ratio ended the year at 347%, well above regulatory minimum requirements.

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 \$34,700,000 in credit facilities to meet any expected and unexpected liquidity demands.

The credit union maintained diversified sources of liquidity, including high-quality liquid assets, statutory liquidity deposits, marketable investments, and committed credit facilities, supporting its ability to meet both anticipated and unanticipated funding needs. This robust liquidity position enables TCU to support continued lending growth while safeguarding depositor confidence.

The Liquidity Coverage Ratio, or LCR, measures the credit union’s ability to meet short-term cash needs during a period of financial stress. It compares high-quality liquid assets — such as cash and investments that can be readily converted to cash — to the amount of cash the credit union could be required to pay out over a short period of time.

This measure is important because it helps ensure the credit union can continue to operate normally, meet member withdrawal requests, and fund lending activities even during unexpected or challenging economic conditions. Regulators require credit unions to maintain a minimum LCR level to protect members and the financial system.

LCR Components	2025		2024	
	Actual	Weighted	Actual	Weighted
High Quality Liquid Assets (HQLA):				
Level 1 assets	50,778,386	50,778,386	65,829,217	65,829,217
Level 2A assets	3,852,270	3,274,430	1,383,881	1,176,299
Level 2B assets	20,438,704	9,538,732	11,140,481	5,570,241
Total HQLA	75,069,360	63,591,548	78,353,580	72,575,757
Cash Outflows:				
Stable retail deposits	209,828,324	11,443,337	202,028,364	11,167,590
Less stable retail deposits	59,044,573	7,968,147	59,894,860	8,614,677
Unsecured wholesale funding/deposits	127,279,470	10,772,335	223,988,991	11,410,492
Other contractual obligations	234,534,690	10,419,155	223,988,991	11,410,492
Total Cash Outflows	630,687,057	40,602,974	598,326,278	40,232,145
Cash Inflows:				
Inflows from loan payments	3,246,070	1,623,035	3,251,453	1,625,727
Inflows from other counterparties	20,678,916	20,678,916	25,300,000	25,300,000
Total Cash Inflows	23,924,986	22,301,951	28,551,453	26,925,727
Total Net Cash Outflows		18,301,023		13,306,418

LCR Quarterly History	2025	2024
At March 31	693%	881%
At June 30	469%	329%
At September 30	394%	391%
At December 31	347%	545%

At December 31, 2025, the credit union's LCR was 347%, meaning it held more than three times the amount of high-quality liquid assets required to meet estimated short-term cash outflows. This level is well above regulatory minimum requirements and reflects a strong liquidity position.

High-quality liquid assets totaled \$75.1 million on an unweighted basis, consisting primarily of cash, government and financial institution securities, and other marketable investments. After applying regulatory weightings, eligible liquid assets totaled \$63.6 million.

Cash outflows represent expected withdrawals and other obligations that could occur over a short period, while cash inflows represent expected receipts, such as loan payments. After applying regulatory limits on inflows, net cash outflows for LCR purposes totaled \$18.3 million.

The credit union's LCR declined from elevated levels in 2024 as excess liquidity was prudently deployed into loans to support member borrowing needs. Despite this decline, liquidity remained strong and well above required levels.

Management monitors liquidity closely and maintains multiple sources of readily available funding. This helps protect member deposits, supports ongoing lending activity, and ensures the credit union is well positioned to respond to both expected and unexpected liquidity demands.

Economic Outlook – 2026

The outlook for Saskatchewan in 2026 is moderately positive, with real GDP growth expected to remain near 2%, supported by population growth, stable labour market conditions, and continued activity in resource sectors.

Inflation is expected to remain close to the Bank of Canada's target range, providing a relatively stable economic backdrop. Interest rates are expected to remain near current levels for much of 2026, subject to inflation trends, commodity prices, and broader global economic conditions.

Sector Outlook

- *Agriculture:* Production levels are expected to return closer to long term averages following the record 2025 harvest. Farm incomes will remain sensitive to weather conditions, global commodity prices, and input costs.
- *Energy and Mining:* Potash and uranium production are expected to remain strong, supported by existing capacity and new projects progressing toward production.
- *Housing and Construction:* Housing activity is expected to remain stable, supported by demographic growth, though affordability and supply constraints may continue to influence demand.

Risks and Uncertainty

Key risks to the outlook include global economic slowing, commodity price volatility, adverse weather conditions affecting agricultural output, and uncertainty related to international trade and geopolitical developments. While these risks may contribute to economic variability, Saskatchewan's diversified resource base and ongoing population growth are expected to provide a degree of economic resilience.

Implications for TCU

Overall economic conditions in Saskatchewan during 2025 and the outlook for 2026 remain generally supportive of stable financial performance. Employment conditions, moderating inflation, and more stable interest rates are expected to support household and business cash flows.

However, continued income variability in agriculture and sensitivity to external economic factors underscore the importance of prudent credit risk management, liquidity planning, and capital management. The credit union will continue to monitor economic developments and adjust its risk management practices as appropriate to support long-term financial sustainability and member needs.

TCU is well-positioned to capitalize on economic expansion, supported by a strong financial foundation, prudent risk management, and strategic investments in digital transformation and infrastructure. Continued economic diversification and financial stability efforts will be key to long-term growth and resilience.

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, and 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 ensure that the Board, via the Risk Committee, has the information needed to provide proper oversight of the risk management function within TCU. Executive and senior management are responsible for the implementation of strategies and policies approved by the Board as well as regular reporting to the Board or specific committees to ensure proper oversight is maintained.

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

The Internal Credit Committee (ICC) is responsible for the approval of large credit exposures and also oversight and monitoring of the performance of TCU's entire credit portfolio, including risk metric performance. The Committee consists of executive management and other management personnel.

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 was outsourced to BDO Canada LLP for 2025). 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)
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 financial loss resulting from a borrower, obligor, or counterparty failing to meet the terms of a contractual obligation. TCU Financial Group's business model is relationship-based and primarily focused on retail and commercial lending within Saskatchewan. As a result, credit risk is largely concentrated in residential mortgages, personal lending, and small to mid-sized business exposures.

The credit union's credit risk profile is influenced by regional economic conditions, borrower income stability, collateral values—particularly real estate—and sector-specific trends within the communities we serve. Growth initiatives, product design, and pricing decisions are evaluated through a credit risk lens to ensure alignment with the Board-approved risk appetite and capital capacity.

TCU Financial Group manages credit risk through a Board-approved credit risk management framework that includes credit risk and credit management policies, underwriting standards, delegated lending authorities, and portfolio concentration limits. These policies define acceptable levels of credit risk through both qualitative principles and quantitative limits, including loan-to-value thresholds, debt service requirements, and exposure limits by borrower, product, and sector.

Credit risk limits are established with consideration of historical loss experience, stress testing outcomes, regulatory expectations, and capital adequacy. Limits are reviewed at least annually and adjusted as necessary to reflect changes in economic conditions, portfolio composition, or the credit union's risk appetite.

The management of credit risk follows the Three Lines of Defense model. Business units are responsible for credit origination, underwriting, and ongoing account management within approved authorities. The Credit department provides independent oversight, maintains the credit risk policy framework, monitors portfolio performance, and reports on compliance with risk limits. Internal audit provides independent assurance over the effectiveness of credit risk governance, controls, and policy adherence.

Credit risk management operates in coordination with broader risk control, compliance, and internal audit functions. These functions provide independent challenge and oversight to ensure adherence to regulatory requirements, internal policies, and risk limits. Internal audit findings and recommendations are reported to the Audit & Conduct Review Committee, with management responsible for remediation and ongoing reporting to the Board.

Quarterly reporting on credit risk exposure and portfolio performance is provided to the Internal Credit Committee and the Board through the Risk Committee. Reporting includes portfolio composition, delinquency trends, impaired loans,

concentration levels, stress testing results, and compliance with established risk limits. This reporting enables effective Board oversight and timely identification of emerging credit risks.

Detailed information on the credit quality of the loan portfolio — including gross carrying values of performing and defaulted exposures, allowances for credit losses, and the allocation between collective and specific provisions — are disclosed in the notes to the financial statements. Specifically, Note 6 (Member loans receivable) and Note 21 (Financial instruments: Exposure to credit risk) are disclosures that reflect management’s assessment of expected credit losses using forward-looking information and support the evaluation of credit risk relative to earnings and capital.

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	95,814,652	417	30%
Conventional Mortgages	112,207,011	554	35%
Home Equity Lines of Credit (HELOC)	112,715,348	865	35%
Total Residential Mortgage Portfolio	320,737,011	1,836	100%

The largest percentage of TCU’s credit portfolio is invested in residential mortgages, including HELOCs. TCU has enhanced underwriting and review practices to insulate and mitigate risk in the residential mortgage portfolio. We continue to actively manage the residential mortgage portfolio 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 \$1,040,000 on the credit union’s capital position.

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

Remaining Mortgage Amortization	Balance (\$)	Mortgages (#)	Average Balance (\$)
Less than 10 years	8,448,066	99	85,334
10 – 14 years	18,122,220	132	137,290
15 – 19 years	54,442,602	300	181,475
20 – 25 years	96,805,201	352	275,015
More than 25 years	30,203,574	88	343,222
Total Loans	208,021,663	971	214,234

Residential Mortgage Loan-to-Value (LTV)

Category	Average LTV Ratio
Newly Originated Uninsured Residential Mortgages	67%
Newly Originated HELOCs (LTV at approval)	67%

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, 2025

Management's Responsibility

To the Members of TCU Financial Group Credit Union:

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

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

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

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

March 24, 2026



Chief Executive Officer



Chief Financial Officer

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 statement of financial position as at December 31, 2025, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 Matter

The financial statements of TCU Financial Group Credit Union for the year ended December 31, 2024 were audited by another professional accounting firm who expressed an unmodified opinion on those financial statements on March 25, 2025.

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 Accounting Standards, 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.

Independent Auditor's Report *(Continued from previous page)*

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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

Saskatoon, Saskatchewan

March 24, 2026

MNP LLP

Chartered Professional Accountants

TCU Financial Group Credit Union Statement of Financial Position

As at December 31, 2025

	2025	2024
Assets		
Cash and cash equivalents <i>(Note 4)</i>	36,808,905	45,833,132
Investments <i>(Note 5)</i>	131,015,752	109,470,915
Member loans receivable <i>(Note 6)</i>	586,187,142	554,436,622
Property, plant and equipment <i>(Note 7)</i>	5,828,457	6,069,643
Right-of-use assets <i>(Note 8)</i>	722,636	921,446
Other assets <i>(Note 9)</i>	2,885,468	3,533,422
Investment property <i>(Note 10)</i>	1,638,058	1,696,793
Intangible assets <i>(Note 11)</i>	72,976	126,256
	765,159,394	722,088,229
Liabilities		
Member deposits <i>(Note 13)</i>	678,594,388	637,495,146
Securitization debt <i>(Note 14)</i>	5,338,142	5,663,199
Derivative financial liabilities <i>(Note 15)</i>	505,412	1,872,929
Lease liabilities <i>(Note 8)</i>	916,250	1,146,094
Other liabilities <i>(Note 17)</i>	4,666,635	2,266,644
Membership shares <i>(Note 18)</i>	74,145	74,080
	690,094,972	648,518,092
Commitments <i>(Note 21), (Note 23)</i>		
Members' funds		
Retained earnings	75,400,630	74,704,096
Accumulated other comprehensive loss	(336,208)	(1,133,959)
	75,064,422	73,570,137
	765,159,394	722,088,229

Approved on behalf of the Board

SB Mamfield

Director

Director

TCU Financial Group Credit Union
Statement of Comprehensive Income

For the year ended December 31, 2025

	2025	2024
Interest income		
Member loans	26,868,712	27,894,167
Investments	5,518,985	5,518,621
	32,387,697	33,412,788
Interest expense		
Member deposits	15,005,672	15,285,977
Borrowed money	297,033	383,071
Interest rate swaps	927,025	2,396,552
	16,229,730	18,065,600
Gross financial margin	16,157,967	15,347,188
Other income		
Other revenue	5,037,819	4,632,788
Unrealized gains on investments	538,211	1,290,413
	5,576,030	5,923,201
	21,733,997	21,270,389
Operating expenses		
Personnel	9,932,848	9,653,061
General business	6,309,280	6,140,934
Occupancy	1,436,837	1,598,484
Security	596,642	583,922
Organizational	215,812	202,170
	18,491,419	18,178,571
Income before provision for (recovery of) credit losses and impairment and provision for (recovery of) income taxes	3,242,578	3,091,818
Provision for (recovery of) credit losses and impairment		
Provision for impaired loans <i>(Note 6)</i>	1,687,834	987,347
Provision for (recovery of) investment impairment	(19,202)	52,929
	1,668,632	1,040,276
Income before provision for (recovery of) income taxes	1,573,946	2,051,542
Provision for (recovery of) income taxes <i>(Note 16)</i>		
Current	72,840	(735)
Deferred	804,572	457,635
	877,412	456,900
Net income before other comprehensive income	696,534	1,594,642
Other comprehensive income (net of tax)		
Net unrealized gains on cash flow hedges	797,751	1,778,903
Total comprehensive income	1,494,285	3,373,545

The accompanying notes are an integral part of these financial statements

TCU Financial Group Credit Union
Statement of Changes in Members' Equity

For the year ended December 31, 2025

	<i>Retained earnings</i>	<i>Accumulated other comprehensive income (loss)</i>	<i>Total equity</i>
Balance December 31, 2023	73,109,454	(2,912,862)	70,196,592
Net income	1,594,642	-	1,594,642
Other comprehensive income	-	1,778,903	1,778,903
Balance December 31, 2024	74,704,096	(1,133,959)	73,570,137
Net income	696,534	-	696,534
Other comprehensive income	-	797,751	797,751
Balance December 31, 2025	75,400,630	(336,208)	75,064,422

The accompanying notes are an integral part of these financial statements

TCU Financial Group Credit Union

Statement of Cash Flows

For the year ended December 31, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating activities		
Net income before other comprehensive income	696,534	1,594,642
Gross financial margin	(16,157,967)	(15,347,188)
Depreciation	706,476	933,883
Deferred income taxes	804,572	457,635
Unrealized gains on investments	(538,211)	(1,290,413)
Provision for credit losses and impairment	1,668,632	1,040,276
Interest received on loans	30,594,186	33,036,323
Interest paid on member deposits	(16,561,870)	(17,199,476)
Income taxes (paid) refunded	72,840	(735)
	1,285,192	3,224,947
Changes in working capital accounts		
Member loans receivable	(33,467,906)	(13,657,464)
Other assets	647,954	652,255
Member deposits	41,431,382	12,606,672
Other liabilities	2,399,991	(2,336,146)
	12,296,613	490,264
Financing activities		
Net change in membership shares	65	40
Net change in securitization borrowings	(325,057)	(231,274)
Net change in lease liabilities	(229,844)	(209,796)
	(554,836)	(441,030)
Investing activities		
Net change in investments	(20,611,539)	(18,440,937)
Purchases of property, plant and equipment <i>(Note 7)</i>	(133,675)	(92,941)
Purchases of intangible assets <i>(Note 11)</i>	(20,790)	-
	(20,766,004)	(18,533,878)
Decrease in cash and cash equivalents	(9,024,227)	(18,484,644)
Cash and cash equivalents, beginning of year	45,833,132	64,317,776
Cash and cash equivalents, end of year	36,808,905	45,833,132

The accompanying notes are an integral part of these financial statements

1. Reporting entity

TCU Financial Group Credit Union (the "Credit Union") was formed pursuant to the Credit Union Act 1998 of Saskatchewan ("the Act") and operates four Credit Union branches.

The Credit Union serves members and non-members in Saskatoon and Regina, Saskatchewan and the surrounding communities. The address of the Credit Union's registered office is 307 Ludlow Street, Saskatoon, Saskatchewan.

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

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

Statement of compliance

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

The financial statements were approved by the Board of Directors and authorized for issue on March 24, 2026.

2. Basis of preparation

Basis of measurement

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

Functional and presentation currency

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

Significant accounting judgments, estimates and assumptions

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

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

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

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

Classification of financial assets

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

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

Key assumptions in determining the allowance for expected credit losses

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

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

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

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

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

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

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

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

Fair value of unquoted equity instruments

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

TCU Financial Group Credit Union

Notes to the Financial Statements

For the year ended December 31, 2025

3. Material accounting policy information

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

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

Foreign currency translation

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

Revenue recognition

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

Service charge fees, commission and other revenue

The Credit Union generates revenue from providing various financing and investing services to its members. Revenue is recognized as services are rendered.

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

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

The Credit Union does not expect to have any contracts where the period between the transfer of the promised goods or services to the member and payment by the member exceeds one year. Consequently, the Credit Union does not adjust any of the transaction prices for the time value of money.

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

Financial instruments

Financial assets

Recognition and initial measurement

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

Classification and subsequent measurement

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

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

Financial instruments *(Continued from previous page)*

Debt instruments are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and cash equivalents, SaskCentral liquidity deposits, term deposit/GIC investments, member loans receivable and accrued interest thereon, and accounts receivable balances.

The Credit Union measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. Equity investments measured at fair value through profit or loss are comprised of other investments, provincial and corporate bonds and SaskCentral shares.

Business model assessment

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

Contractual cash flow assessment

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

Reclassifications

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

Impairment

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

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

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

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

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

Financial instruments *(Continued from previous page)*

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

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

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

Refer to Note 21 for additional information about the Credit Union's credit risk management process, credit risk exposure and the amounts arising from expected credit losses.

Derecognition of financial assets

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

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

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

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

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

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

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

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

Modification of financial assets

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

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

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

Financial instruments *(Continued from previous page)*

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

Financial liabilities

Recognition and initial measurement

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

Classification and subsequent measurement

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

Derecognition of financial liabilities

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

Derivatives and hedge accounting

Derivatives are initially recognized at fair value on the date the Credit Union becomes party to the provisions of the contract, and are subsequently remeasured at fair value at the end of each reporting period. 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 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.

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

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

Cash flow hedges

The Credit Union uses cash flow hedges to hedge its exposure to the variability of cash flows related to variable interest bearing instruments or the forecasted assurance of fixed rate liabilities.

The Credit Union accumulates changes in fair value related to the effective portion of the hedging instrument in the cash flow hedge reserve within equity. The effective portion of the hedge is equal to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item from inception of the hedge. The ineffective portion of changes in the fair value of the hedging instrument is recognized immediately in profit or loss.

Amounts accumulated in the cash flow hedge reserve are reclassified to other comprehensive income (OCI) as a reclassification adjustment in the same period(s) during which the hedged expected future cash flows affect profit or loss. The amounts reclassified to OCI are presented in the same line item as the underlying hedged transaction.

When hedge accounting is discontinued for a cash flow hedge and the hedged future cash flows are still expected to occur, accumulated hedging gains or losses remain in the cash flow hedge reserve until such time as the future cash flows occur and are then accounted for as described above. If the hedged future cash flows are no longer expected to occur, accumulated hedging gains and losses are immediately reclassified to profit or loss.

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

Financial instruments *(Continued from previous page)*

Rebalancing and discontinuation of hedging relationships

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

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

Dividend income

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

Interest

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

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

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

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

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

Collateral

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

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

Cash and cash equivalents

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

Investments

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

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

SaskCentral and term deposits/GIC investments and shares

SaskCentral and term deposits/GIC investments are measured at amortized cost. Shares are measured at fair value, with adjustments to fair value recognized in profit or loss.

Other investments and provincial and corporate bonds

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

Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs 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 comprehensive income.

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

Syndication

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

Property, plant and equipment

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

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

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

	Rate
Buildings and facilities	40 years
Computer equipment	4 - 8 years
Furniture and equipment	10 years

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

Property, plant and equipment *(Continued from previous page)*

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

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

Intangible assets

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 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.

Investment property

Investment property consists of land and facilities held to earn rental income. Investment property is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Rental income and operating expenses from investment property are presented within other income and occupancy expenses, respectively.

All investment property having a limited useful life is depreciated using the straight-line method over the estimated useful lives. Land has an unlimited useful life and is therefore not depreciated. Investment property is depreciated from the time the asset becomes available for use.

The residual value, useful life and depreciation method applied to each class of asset are reviewed at least annually.

The methods of depreciation are determined on the same basis as those of property, plant and equipment above.

Income taxes

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

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

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

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

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

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

Membership shares

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

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

After the commencement date, the Credit Union measures right-of-use assets by applying the cost model, whereby the right-of-use asset is measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the useful life of the right-of-use asset. The estimated useful life of the right-of-use assets are determined by the term of the lease, or the estimated useful life of the asset as determined on the same basis as those of property, plant and equipment, whichever is shorter.

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

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

Standards issued but not yet effective

The Credit Union has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2025 but are not yet effective. Unless otherwise stated, the Credit Union does not plan to early adopt any of these new or amended standards and interpretations.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures)

Amendments to IFRS 9 and IFRS 7, issued in May 2024, clarify the date of recognition and derecognition of financial assets and financial liabilities, including that a financial liability is derecognized on the settlement date. The amendments introduce a voluntary election permitting the derecognition of some financial liabilities settled through an electronic cash transfer system before the settlement date, provided specific conditions are met. They also provide further guidance for assessing whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement including those that contain contingent features, non-recourse features or are investments in contractually linked instruments. The amendments also add new disclosure requirements for certain instruments with contractual terms that include a contingent feature and for investments in equity instruments designated at fair value through other comprehensive income.

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

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

The amendments are effective for annual periods beginning on or after January 1, 2026, and are to be applied retrospectively. The Credit Union is currently assessing the impact of these amendments on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, issued in April 2024, replaces IAS 1 Presentation of Financial Statements, and introduces three primary changes:

- Income and expenses must be classified into five defined categories in the Statement of Profit or Loss and specified totals and subtotals must be presented;
- Management-defined performance measures must be disclosed in a single note to the financial statements, along with accompanying explanations and reconciliations; and
- Enhanced requirements for grouping information in the financial statements.

IFRS 18 will not impact the recognition or measurement of items in the financial statements.

In addition, entities must use the operating profit or loss subtotal as the starting point for reporting cash flows from operating activities under the indirect method in the statement of cash flows, and the accounting policy choice about how to classify cash inflows and outflows related to interest and dividends paid and received has been eliminated.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, including for interim financial statements, and is to be applied retrospectively. The Credit Union is currently assessing the impact of these amendments on its financial statements.

4. Cash and cash equivalents

	2025	2024
Cash on hand	2,054,720	2,645,018
Deposits at call - SaskCentral	29,951,136	37,738,538
Deposits at call - Other	2,353,653	2,040,849
Cheques and other items in transit	1,908,665	1,449,019
Restricted cash	540,731	1,959,708
	36,808,905	45,833,132

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. Investments

	2025	2024
Measured at fair value through profit or loss		
SaskCentral shares	1,264,536	1,705,580
Other investments	3,246,388	2,552,821
Provincial and corporate bonds	20,634,752	25,363,282
	25,145,676	29,621,683
Measured at amortized cost		
Term deposit/GIC investments	47,000,000	24,000,000
SaskCentral liquidity deposits	57,563,865	54,957,310
	104,563,865	78,957,310
Accrued interest	1,365,637	970,550
Less: ECL allowance on investments	(59,426)	(78,628)
	131,015,752	109,470,915

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

5. Investments *(Continued from previous page)*

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

	2025	2024
Investment portfolio rating		
AA	20,043,778	21,825,435
A	13,148,974	3,107,219
BBB	34,442,000	24,430,627
R1	58,828,401	56,662,890
Unrated	3,246,388	2,552,822
	129,709,541	108,578,993

Statutory liquidity

Pursuant to Regulations, the Standards of Sound Business Practices ("SSBP") requires that the Credit Union maintain 8.65% of its total liabilities in specified liquidity deposits. The provincial regulator for Credit Unions, Credit Union Deposit Guarantee Corporation ("CUDGC"), requires that the Credit Union adhere to these prescribed limits and restrictions. As of December 31, 2025 the Credit Union met the requirement.

Liquidity coverage ratio

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

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

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

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

As at December 31, 2025, the Credit Union is in compliance with regulatory requirements.

TCU Financial Group Credit Union Notes to the Financial Statements

For the year ended December 31, 2025

6. Member loans receivable

Principal and allowance by loan type:

	2025				
	Principal performing	Principal impaired	Allowance specific	Allowance for expected credit losses	Net carrying value
Commercial mortgages and loans	232,752,110	3,048,626	406,063	2,046,428	233,348,245
Personal loans	7,175,136	71,741	72,099	32,468	7,142,310
Lines of credit and overdrafts	24,140,227	227,416	51,811	648,190	23,667,642
Residential mortgages	205,077,503	3,031,388	360,516	78,549	207,669,826
Home equity lines of credit	112,600,124	115,224	-	112,963	112,602,385
Off balance sheet credit instruments	-	-	-	267,235	(267,235)
	581,745,100	6,494,395	890,489	3,185,833	584,163,173
Accrued interest	1,803,734	220,235	-	-	2,023,969
	583,548,834	6,714,630	890,489	3,185,833	586,187,142

	2024				
	Principal performing	Principal impaired	Allowance specific	Allowance for expected credit losses	Net carrying value
Commercial mortgages and loans	210,071,137	3,456,563	195,881	1,582,119	211,749,700
Personal loans	7,709,066	28,489	25,181	52,266	7,660,108
Lines of credit and overdrafts	20,647,396	137,739	4,897	255,454	20,524,784
Residential mortgages	207,396,160	4,526,173	442,073	95,031	211,385,229
Leases	368,920	-	-	319	368,601
Home equity lines of credit	100,825,093	213,548	-	85,600	100,953,041
Off balance sheet credit instruments	-	-	-	277,564	(277,564)
	547,017,772	8,362,512	668,032	2,348,353	552,363,899
Accrued interest	1,791,772	280,951	-	-	2,072,723
	548,809,544	8,643,463	668,032	2,348,353	554,436,622

The allowance for loan impairment changed as follows:

	2025	2024
Balance, beginning of year	3,016,385	3,932,796
Provision for impaired loans	1,687,834	987,347
	4,704,219	4,920,143
Less: accounts written off, net of recoveries	627,897	1,903,758
Balance, end of year	4,076,322	3,016,385

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

7. Property, plant and equipment

	<i>Land</i>	<i>Buildings</i>	<i>Furniture and equipment</i>	<i>Computer equipment</i>	<i>Total</i>
Cost					
Balance at January 1, 2024	1,782,898	9,599,406	8,421,508	126,113	19,929,925
Additions	-	-	-	92,941	92,941
Disposals	-	-	(4,566)	-	(4,566)
Balance at December 31, 2024	1,782,898	9,599,406	8,416,942	219,054	20,018,300
Additions	-	8,949	13,121	111,605	133,675
Disposals	-	-	(1,925,485)	-	(1,925,485)
Balance at December 31, 2025	1,782,898	9,608,355	6,504,578	330,659	18,226,490
Accumulated depreciation					
Balance at January 1, 2024	-	5,235,511	8,124,098	10,509	13,370,118
Depreciation	-	382,380	156,183	44,542	583,105
Disposals	-	-	(4,566)	-	(4,566)
Balance at December 31, 2024	-	5,617,891	8,275,715	55,051	13,948,657
Depreciation	-	220,151	79,072	75,638	374,861
Disposals	-	-	(1,925,485)	-	(1,925,485)
Balance at December 31, 2025	-	5,838,042	6,429,302	130,689	12,398,033
Net book value					
At December 31, 2024	1,782,898	3,981,515	141,227	164,003	6,069,643
At December 31, 2025	1,782,898	3,770,313	75,276	199,970	5,828,457

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

8. Right-of-use assets

	Facilities	Other	Total
Cost			
Balance at December 31, 2023	2,775,408	89,783	2,865,191
Balance at December 31, 2024	2,775,408	89,783	2,865,191
Balance at December 31, 2025	2,775,408	89,783	2,865,191
Accumulated depreciation			
Balance at December 31, 2023	1,655,152	89,783	1,744,935
Depreciation	198,810	-	198,810
Balance at December 31, 2024	1,853,962	89,783	1,943,745
Depreciation	198,810	-	198,810
Balance at December 31, 2025	2,052,772	89,783	2,142,555
Net book value			
Balance at December 31, 2024	921,446	-	921,446
Balance at December 31, 2025	722,636	-	722,636

	2025	2024
Lease payments and expense		
Interest expense on lease liabilities	33,990	44,830
Expenses related to variable lease payments	128,438	110,029
Total amounts recognized in profit or loss	162,428	154,859
Repayment of lease liabilities	229,844	209,796
Total cash outflow for leases	392,272	364,655

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, 2025 is \$916,250 (2024 - \$1,146,094).

9. Other assets

	2025	2024
Accounts receivable	365,610	260,704
Corporate income tax recoverable	-	50,000
Prepaid expenses and deposits	347,618	320,729
Deferred tax asset (Note 16)	1,131,606	1,704,961
Prepaid service contracts	1,040,634	1,197,028
	2,885,468	3,533,422

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

10. Investment property

	Land	Facilities	Total
Cost			
Balance at December 31, 2023	591,983	1,986,540	2,578,523
Balance at December 31, 2024	591,983	1,986,540	2,578,523
Balance at December 31, 2025	591,983	1,986,540	2,578,523
Accumulated Depreciation			
Balance at December 31, 2023	-	822,995	822,995
Depreciation	-	58,735	58,735
Balance at December 31, 2024	-	881,730	881,730
Depreciation	-	58,735	58,735
Balance at December 31, 2025	-	940,465	940,465
Net book value			
Balance at December 31, 2024	591,983	1,104,810	1,696,793
Balance at December 31, 2025	591,983	1,046,075	1,638,058

	2025	2024
Income related to investment property		
Rental income	230,770	230,770
Direct operating expenses	101,146	101,146
	129,624	129,624

Future rental payments receivable:		
Not later than one year	152,948	152,948
Later than one year and not later than five years	76,474	229,422
	229,422	382,370

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

11. Intangible assets

	<i>Purchased software</i>	<i>Naming rights</i>	<i>Total</i>
Cost			
Balance at January 1, 2024	660,081	1,708,875	2,368,956
Balance at December 31, 2024	660,081	1,708,875	2,368,956
Additions	20,790	-	20,790
Balance at December 31, 2025	680,871	1,708,875	2,389,746
Accumulated amortization			
Balance at January 1, 2024	614,750	1,534,716	2,149,466
Amortization	35,181	58,053	93,234
Balance at December 31, 2024	649,931	1,592,769	2,242,700
Amortization	16,017	58,053	74,070
Balance at December 31, 2025	665,948	1,650,822	2,316,770
Net book value			
At December 31, 2024	10,150	116,106	126,256
At December 31, 2025	14,923	58,053	72,976

12. Line of credit

SaskCentral

The Credit Union has an authorized line of credit due on demand, with no fixed repayment date, bearing interest at prime minus 0.50% (3.95% at December 31, 2025) in the amount of \$7,000,000 (2024 - \$7,000,000) from SaskCentral. As at December 31, 2025, \$nil was advanced (2024 - \$nil). Additionally, the Credit Union has a US dollar denominated line of credit due on demand, with no fixed repayment date, bearing interest at 7.25% (2024 - 8.00%) in the amount of \$100,000 (2024 - \$100,000) from SaskCentral. As at December 31, 2025, \$nil was advanced (2024 - \$nil).

The Credit Union has access to a commercial paper facility in the amount of \$3,800,000 (2024 - \$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 established plus 0.375%. The Credit Union maintains a short-term repo credit facility in the amount of \$3,800,000 (2024 - \$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%. The Credit Union had no outstanding balances on either its commercial paper facility or its short-term repo credit facility with SaskCentral at December 31, 2025 and 2024.

Borrowings are secured by general security agreements registered against the Credit Union.

Equitable Bank (Concentra)

The Credit Union has a secured quick line (revolving credit facility) in the amount of \$20,000,000 (2024 - \$20,000,000) 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 interest rate payable under this facility is Concentra prime less 0.90% with an annual standby fee of 0.20%. As at December 31, 2025, \$nil was advanced (2024 - \$nil).

Borrowings are secured by residential mortgages equalling 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.

TCU Financial Group Credit Union

Notes to the Financial Statements

For the year ended December 31, 2025

13. Member deposits

	2025	2024
Chequing	189,470,748	173,467,791
Savings	72,340,305	70,436,772
Term deposits	230,576,460	218,404,270
Registered plans	178,479,271	167,126,569
Accrued interest	7,727,604	8,059,744
	678,594,388	637,495,146

Member deposits are subject to the following terms:

- Chequing and savings products are due on demand and bear interest at rates up to 2.10% (2024 - 2.70%).
- Registered plans are subject to fixed and variable rates of interest up to 5.00% (2024 - 5.10%), with interest payments due monthly, annually or on maturity.
- Term deposits are subject to fixed and variable rates of interest up to 5.00% (2024 - 5.10%), with interest payments due monthly, annually or on maturity.

14. Securitization debt

The Credit Union participates in the Canada Mortgage and Housing Corporation ("CMHC") sponsored National Housing Act ("NHA") Mortgage Backed Securities ("MBS") program where the Credit Union assigns all legal rights, interest and title in certain insured residential mortgages to CMHC in exchange for MBS securities which are then sold to third party investors. As at December 31, 2025, the aggregate value of securitized mortgages outstanding, net of associated transaction fees amounted to \$5,338,142 (2024 - \$5,663,199). There are generally no expected credit losses on the securitized mortgage assets, as the mortgages are insured against default. 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 from the original loan to Canada Mortgage and Housing Corporation monthly whether or not it receives payments from mortgagors. The Credit Union has retained substantially all of the risks and rewards associated with the transferred assets. These assets are recognized within members' loans and the transfers are accounted for as secured financing transactions. The associated liability, secured by these loans, is carried at amortized cost and included in securitized borrowings on the statement of financial position.

As part of its liquidity management strategy, the Credit Union retains part of its issued NHA certificates. The certificates that have been retained by the Credit Union are nil (2024 - \$6,016,513) with a fair value of nil (2024 - \$5,960,370). These unsold certificates are reported in member loans receivable in the statement of financial position.

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

	2025		2024	
	<i>Loan assets</i>	<i>Secured debt</i>	<i>Loan assets</i>	<i>Secured debt</i>
One year and over	5,359,763	5,338,142	5,680,248	5,663,199
Total securitization	5,359,763	5,338,142	5,680,248	5,663,199

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

	2025	2024
Fair value of transferred assets	5,359,763	5,680,248
Less: Fair value of secured debt	(5,374,756)	(5,681,471)
Net position	(14,993)	(1,223)

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

15. Derivatives and hedge accounting

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

Cash flow hedges of interest rate risk

Risk management strategy

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.

At year-end, the Credit Union held the following interest rate swaps and forward contracts as hedging instruments.

	2025			Total	Fair value	
	< 1 year	Notional amounts			Asset	Liability
		1 to 5 years	> 5 years			
<i>(In thousands)</i>						
Swap contracts	50,000	30,000	-	80,000	-	505
Interest rate derivatives	50,000	30,000	-	80,000	-	505
	2024			Total	Fair value	
	< 1 year	Notional amounts			Asset	Liability
		1 to 5 years	> 5 years			
<i>(In thousands)</i>						
Swap contracts	5,000	70,000	-	75,000	-	1,873
Interest rate derivatives	5,000	70,000	-	75,000	-	1,873

In the current and prior year there was no hedge ineffectiveness gains or losses recognized in profit or loss.

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

16. Income tax

Income tax expense (recovery) recognized in comprehensive income

The applicable tax rate is the aggregate of the federal income tax rate of 15% (2024 - 15%) and the provincial tax rate of 12% (2024 - 12%).

Deferred tax asset (liability)

The movement in deferred tax assets and liabilities are:

	2025	2024
Deferred tax liability		
Venture capital investments	-	(126,690)
Property, plant and equipment	(423,138)	-
Intangible assets	(229,827)	-
	(652,965)	(126,690)
Deferred tax asset		
Property, plant and equipment	-	174,817
Loans	884,218	652,092
Non-capital loss carryforward	-	878,052
Capital lease payments	247,388	-
	1,131,606	1,704,961
Net deferred tax asset	478,641	1,578,271

Net deferred tax asset is reflected in the statement of financial position as follows:

Deferred tax liability	(652,965)	(126,690)
Deferred tax asset	1,131,606	1,704,961
	478,641	1,578,271

Reconciliation between average effective tax rate and the applicable tax rate

	2025	2024
Applicable tax rate	27.00 %	27.00 %
Non-deductible expenses	0.27 %	0.14 %
Non-taxable dividend income	(3.52)%	(1.31)%
Prior year tax adjustment	10.27 %	(3.45)%
Other items	21.73 %	(0.11)%
Average effective tax rate (tax expense divided by profit before tax)	55.75 %	22.27 %

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

17. Other liabilities

	2025	2024
Accounts payable	3,183,781	1,484,538
Corporate income tax payable	73,413	-
Deferred tax liability (<i>Note 16</i>)	652,965	126,690
Payroll related amounts	162,851	272,096
Unearned revenue	498,730	296,978
Unclaimed balances	94,895	86,342
	4,666,635	2,266,644

18. Membership shares

Authorized:

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

Issued:

	2025	2024
14,829 Common shares (2024 - 14,816)	74,145	74,080
Total	74,145	74,080

All common shares are classified as liabilities.

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

During the year, the Credit Union issued 645 (2024 - 624) and redeemed 632 (2024 - 584) common shares.

19. Related party transactions

Key management compensation of the Credit Union

Key management personnel ("KMP") of the Credit Union are the Chief Executive Officer, Chief Financial Officer, Chief Risk and Compliance Officer, Chief Information Officer, Chief Operating Officer and members of the Board of Directors.

KMP remuneration includes the following expenses:

	2025	2024
Salaries and short-term employee benefits	1,338,579	1,112,336
Post-employment benefits	76,302	68,563
Director remuneration	80,275	78,584
	1,495,156	1,259,483

Transactions with key management personnel

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

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

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

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

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

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

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

	2025	2024
Aggregate loans to KMP	4,131,258	4,408,111
Aggregate revolving credit facilities to KMP	183,552	178,255
Less: approved and undrawn lines of credit	(1,039,448)	(552,245)
	3,275,362	4,034,121

	2025	2024
During the year the aggregate value of loans approved to KMP amounted to:		
Mortgages	1,706,600	388,225
Loans	-	146,675
	1,706,600	534,900

	2025	2024
Income and expense transactions with KMP consisted of:		
Interest earned on loans and revolving credit facilities to KMP	182,437	203,206
Interest paid on deposits to KMP	16,180	18,544
	2025	2024
The total value of member deposits from KMP as at the year-end:		
Chequing and demand deposits	361,876	540,501
Term deposits	86,757	7,645
Registered plans	326,535	301,125
	775,168	849,271

Directors' fees and expenses

	2025	2024
Directors' expenses	10,692	5,601
Meeting, training and conference costs	89,808	100,893

20. Capital management

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

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

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

The Credit Union follows a risk-weighted asset calculation for credit and operational risk. Under this approach, credit unions are required to measure capital adequacy in accordance with instructions for determining risk-adjusted capital and risk-weighted assets, including off-balance sheet commitments. Based on the prescribed risk of each type of asset, a weighting of 0% to 400% is assigned. The ratio of regulatory capital to risk-weighted assets is calculated and compared to the standard outlined by CUDGC. Regulatory standards require credit unions to maintain a minimum total eligible capital to risk-weighted assets of 8%, a minimum tier 1 capital to risk-weighted assets of 6% and a minimum common equity tier 1 capital to risk-weighted assets of 4.5%. In addition to the minimum capital ratios, the Credit Union is required to hold a capital conservation buffer of 2.5%. The capital conservation buffer is designed to avoid breaches of the minimum capital requirement. Eligible capital consists of total tier 1 and tier 2 capital.

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

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

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

The Credit Union has adopted a capital plan that conforms to the capital framework and is regularly reviewed and approved by the Board of Directors. The following table compares CUDGC regulatory standards to the Credit Union's board standards for 2025:

	<i>Regulatory standards</i>	<i>Board standards</i>
Total eligible capital to risk-weighted assets	10.50 %	13.00 %
Total tier 1 capital to risk-weighted assets	8.50 %	9.50 %
Common equity tier 1 capital to risk-weighted assets	7.00 %	9.50 %
Leverage ratio	5.00 %	6.00 %

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

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For the year ended December 31, 2025

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

The following table summarizes key capital information:

	2025	2024
<i>Eligible capital</i>		
Common equity tier 1 capital	74,991,446	72,565,829
Total tier 1 capital	74,991,446	72,565,829
Total tier 2 capital	3,319,404	2,501,061
Total eligible capital	78,310,850	75,066,890
<i>Risk-weighted assets</i>		
Total eligible capital to risk-weighted assets	15.10 %	16.20 %
Total tier 1 capital to risk-weighted assets	14.46 %	15.70 %
Common equity tier 1 capital to risk-weighted assets	14.46 %	15.70 %
Leverage ratio	9.60 %	9.80 %

21. Financial instruments

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

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

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

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

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

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

Credit risk

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

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

Risk management process

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

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

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

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

The Credit Union makes the following instruments available to its members:

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

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

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

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

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

	2025	2024
Unadvanced lines of credit	189,645,447	187,445,841
Guarantees and standby letters of credit	645,500	787,787
Commitments to extend credit	42,935,790	32,566,208
	233,226,737	220,799,836

Inputs, assumptions and techniques

Definition of default and assessments of credit risk

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

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

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

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

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

Measurement of expected credit losses

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

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

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

Significant judgments, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact that future events may have on the historical data used to measure expected credit losses.

The Credit Union has run a number of simulations on its collective allowance, incorporating assumptions about the resulting macroeconomic impacts of inflation and interest rate changes, based on information and facts available at December 31, 2025. The macroeconomic factors that affect the Credit Union's expected credit loss calculations are: Saskatchewan unemployment rates, provincial housing starts, national interest rates, national GDP growth, and national oil prices. Each factor is forecasted in a base case, a best case and a worst case scenario. Key factors influencing assumptions of the simulations are economic uncertainties tied to interest rate changes, continued inflationary pressures, the quality of credit, and the borrower's future ability to service debt.

The typical weighting used in the model is 80% base, 10% best and 10% worst case, as the base case is historically the most likely scenario. The December 31, 2025 modelling is based on these weightings.

Management had to use judgement in several areas to assess if the estimate the model calculated was reasonable or if an overlay was needed to increase or decrease the allowance. Management booked no overlays in either 2024 or 2025.

Write-offs

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

Exposure to credit risk

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

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

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For the year ended December 31, 2025

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

	12-month ECL	2025 Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Commercial mortgages and loans				
Very low risk	86,046	-	-	86,046
Low risk	12,855,203	-	-	12,855,203
Medium risk	206,931,901	8,818,725	-	215,750,626
High risk	-	4,060,235	-	4,060,235
Default	-	-	3,048,626	3,048,626
Total gross carrying amount	219,873,150	12,878,960	3,048,626	235,800,736
Less: loss allowance	1,174,402	872,026	406,063	2,452,491
Total carrying amount	218,698,748	12,006,934	2,642,563	233,348,245
Personal loans				
Very low risk	3,523,650	9,129	-	3,532,779
Low risk	2,420,296	79,486	-	2,499,782
Medium risk	599,356	196,773	-	796,129
High risk	98,442	248,004	-	346,446
Default	-	-	71,741	71,741
Total gross carrying amount	6,641,744	533,392	71,741	7,246,877
Less: loss allowance	18,771	13,697	72,099	104,567
Total carrying amount	6,622,973	519,695	(358)	7,142,310
Lines of credit and overdrafts				
Very low risk	3,200,043	28,601	-	3,228,644
Low risk	3,810,981	26,642	-	3,837,623
Medium risk	15,855,573	210,702	-	16,066,275
High risk	29,998	977,687	-	1,007,685
Default	-	-	227,416	227,416
Total gross carrying amount	22,896,595	1,243,632	227,416	24,367,643
Less: loss allowance	329,957	318,233	51,811	700,001
Total carrying amount	22,566,638	925,399	175,605	23,667,642
Residential mortgages				
Very low risk	125,117,992	1,511,580	-	126,629,572
Low risk	46,084,190	3,673,924	-	49,758,114
Medium risk	15,015,917	4,005,512	-	19,021,429
High risk	540,654	9,127,734	-	9,668,388
Default	-	-	3,031,388	3,031,388
Total gross carrying amount	186,758,753	18,318,750	3,031,388	208,108,891
Less: loss allowance	31,502	47,047	360,516	439,065
Total carrying amount	186,727,251	18,271,703	2,670,872	207,669,826

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Notes to the Financial Statements

For the year ended December 31, 2025

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

	12-month ECL	2025 Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Home equity lines of credit				
Very low risk	83,747,002	396,021	-	84,143,023
Low risk	21,489,680	507,561	-	21,997,241
Medium risk	4,194,455	394,709	-	4,589,164
High risk	1,592,540	278,156	-	1,870,696
Default	-	-	115,224	115,224
Total gross carrying amount	111,023,677	1,576,447	115,224	112,715,348
Less: loss allowance	93,549	19,414	-	112,963
Total carrying amount	110,930,128	1,557,033	115,224	112,602,385
Off balance sheet credit instruments				
Total gross carrying amount	-	-	-	-
Less: loss allowance	71,421	195,814	-	267,235
Total carrying amount	(71,421)	(195,814)	-	(267,235)
Total				
Very low risk	215,674,733	1,945,331	-	217,620,064
Low risk	86,660,350	4,287,613	-	90,947,963
Medium risk	242,597,202	13,626,421	-	256,223,623
High risk	2,261,634	14,691,816	-	16,953,450
Default	-	-	6,494,395	6,494,395
Total gross carrying amount	547,193,919	34,551,181	6,494,395	588,239,495
Less: loss allowance	1,719,602	1,466,231	890,489	4,076,322
Total carrying amount	545,474,317	33,084,950	5,603,906	584,163,173

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Notes to the Financial Statements
For the year ended December 31, 2025

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

	12-month ECL	2024 Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Commercial mortgages and loans				
Very low risk	243,974	-	-	243,974
Low risk	17,242,173	-	-	17,242,173
Medium risk	169,780,465	12,729,769	-	182,510,234
High risk	-	10,074,756	-	10,074,756
Default	-	-	3,456,563	3,456,563
Total gross carrying amount	187,266,612	22,804,525	3,456,563	213,527,700
Less: loss allowance	463,136	1,118,983	195,881	1,778,000
Total carrying amount	186,803,476	21,685,542	3,260,682	211,749,700
Personal loans				
Very low risk	2,739,609	2,105	-	2,741,714
Low risk	3,433,365	9,921	-	3,443,286
Medium risk	975,036	237,173	-	1,212,209
High risk	147,680	164,178	-	311,858
Default	-	-	28,488	28,488
Total gross carrying amount	7,295,690	413,377	28,488	7,737,555
Less: loss allowance	34,552	17,714	25,181	77,447
Total carrying amount	7,261,138	395,663	3,307	7,660,108
Lines of credit and overdrafts				
Very low risk	3,880,165	-	-	3,880,165
Low risk	3,418,354	44,998	-	3,463,352
Medium risk	11,048,256	1,195,275	-	12,243,531
High risk	3,750	1,056,598	-	1,060,348
Default	-	-	137,739	137,739
Total gross carrying amount	18,350,525	2,296,871	137,739	20,785,135
Less: loss allowance	93,606	161,848	4,897	260,351
Total carrying amount	18,256,919	2,135,023	132,842	20,524,784
Residential mortgages				
Very low risk	107,515,020	707,215	-	108,222,235
Low risk	69,061,603	3,527,277	-	72,588,880
Medium risk	14,626,429	4,675,612	-	19,302,041
High risk	1,885,956	5,396,729	-	7,282,685
Default	319	-	4,526,173	4,526,492
Total gross carrying amount	193,089,327	14,306,833	4,526,173	211,922,333
Less: loss allowance	60,436	34,595	442,073	537,104
Total carrying amount	193,028,891	14,272,238	4,084,100	211,385,229

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Notes to the Financial Statements
For the year ended December 31, 2025

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

	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Leases				
Medium risk	368,920	-	-	368,920
Total gross carrying amount	368,920	-	-	368,920
Less: loss allowance	319	-	-	319
Total carrying amount	368,601	-	-	368,601
Home equity lines of credit				
Very low risk	58,233,744	134,387	-	58,368,131
Low risk	30,153,170	390,107	-	30,543,277
Medium risk	8,798,277	982,250	-	9,780,527
High risk	1,778,664	354,494	-	2,133,158
Default	-	-	213,548	213,548
Total gross carrying amount	98,963,855	1,861,238	213,548	101,038,641
Less: loss allowance	68,870	16,730	-	85,600
Total carrying amount	98,894,985	1,844,508	213,548	100,953,041
Off balance sheet credit instruments				
Total gross carrying amount	-	-	-	-
Less: loss allowance	85,340	192,224	-	277,564
Total carrying amount	(85,340)	(192,224)	-	(277,564)
Total				
Very low risk	172,612,512	843,707	-	173,456,219
Low risk	123,308,665	3,972,303	-	127,280,968
Medium risk	205,597,383	19,820,079	-	225,417,462
High risk	3,816,050	17,046,755	-	20,862,805
Default	319	-	8,362,511	8,362,830
Total gross carrying amount	505,334,929	41,682,844	8,362,511	555,380,284
Less: loss allowance	806,259	1,542,094	668,032	3,016,385
Total carrying amount	504,528,670	40,140,750	7,694,479	552,363,899

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Notes to the Financial Statements

For the year ended December 31, 2025

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

Concentrations of credit risk

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

Amounts arising from expected credit losses

Reconciliation of the loss allowance

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

	<i>12-month ECL</i>	<i>Lifetime ECL (not credit impaired)</i>	<i>Lifetime ECL (credit impaired)</i>	<i>Total</i>
Commercial mortgages and loans				
Balance at January 1, 2024	190,704	185,696	98,783	475,183
Transfer to lifetime ECL (not credit impaired)	(25,450)	61,195	(35,745)	-
Transfer to lifetime ECL (credit impaired)	(4,237)	-	4,237	-
Net remeasurements of loss allowance	201,325	1,028,532	132,504	1,362,361
Derecognitions and maturities	(33,368)	(172,704)	(6,557)	(212,629)
Loan originations	134,162	16,264	-	150,426
Loans written-off, net of recoveries	-	-	2,659	2,659
Balance at December 31, 2024	463,136	1,118,983	195,881	1,778,000
Transfer to lifetime ECL (not credit impaired)	(2,446)	2,446	-	-
Transfer to lifetime ECL (credit impaired)	(438)	-	438	-
Net remeasurements of loss allowance	274,054	184,859	209,744	668,657
Derecognitions and maturities	(123,415)	(591,964)	-	(715,379)
Loan originations	563,511	157,702	-	721,213
Balance at December 31, 2025	1,174,402	872,026	406,063	2,452,491
Personal loans				
Balance at January 1, 2024	32,352	36,256	68,531	137,139
Transfer to 12-month ECL	12,738	(12,738)	-	-
Transfer to lifetime ECL (not credit impaired)	(1,850)	19,915	(18,065)	-
Transfer to lifetime ECL (credit impaired)	-	(3,159)	3,159	-
Net remeasurements of loss allowance	(16,939)	(21,328)	2,371	(35,896)
Derecognitions and maturities	(19,467)	(2,576)	(52,029)	(74,072)
Loan originations	16,720	1,344	-	18,064
Loans written-off, net of recoveries	10,998	-	21,214	32,212
Balance at December 31, 2024	34,552	17,714	25,181	77,447
Transfer to 12-month ECL	10,689	(10,689)	-	-
Transfer to lifetime ECL (not credit impaired)	(3,775)	3,775	-	-
Transfer to lifetime ECL (credit impaired)	(1,391)	(789)	2,180	-
Net remeasurements of loss allowance	(21,190)	4,450	49,270	32,530
Derecognitions and maturities	(46,842)	(15,346)	(5,424)	(67,612)
Loan originations	5,800	2,604	-	8,404
Loans written-off, net of recoveries	40,928	11,978	892	53,798
Balance at December 31, 2025	18,771	13,697	72,099	104,567

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Notes to the Financial Statements

For the year ended December 31, 2025

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

	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Lines of credit and overdrafts				
Balance at January 1, 2024	24,915	(103,658)	2,520,202	2,441,459
Transfer to 12-month ECL	35,722	(35,722)	-	-
Transfer to lifetime ECL (not credit impaired)	(3,919)	3,919	-	-
Net remeasurements of loss allowance	15,866	311,528	(43,486)	283,908
Derecognitions and maturities	(26,766)	(18,944)	(4,222,223)	(4,267,933)
Loan originations	24,549	-	-	24,549
Loans written-off, net of recoveries	23,239	4,725	1,750,404	1,778,368
Balance at December 31, 2024	93,606	161,848	4,897	260,351
Transfer to 12-month ECL	83,359	(83,359)	-	-
Transfer to lifetime ECL (not credit impaired)	(9,417)	9,417	-	-
Transfer to lifetime ECL (credit impaired)	(1,953)	(512)	2,465	-
Net remeasurements of loss allowance	108,332	407,294	44,459	560,085
Derecognitions and maturities	(65,593)	(176,793)	(2,088)	(244,474)
Loan originations	103,223	338	-	103,561
Loans written-off, net of recoveries	18,400	-	2,078	20,478
Balance at December 31, 2025	329,957	318,233	51,811	700,001
Residential mortgages				
Balance at January 1, 2024	80,795	61,376	373,561	515,732
Transfer to 12-month ECL	11,404	(11,404)	-	-
Transfer to lifetime ECL (not credit impaired)	(1,199)	1,199	-	-
Transfer to lifetime ECL (credit impaired)	(43)	(1,634)	1,677	-
Net remeasurements of loss allowance	(37,451)	(2,104)	180,334	140,779
Derecognitions and maturities	(9,016)	(17,884)	(217,199)	(244,099)
Loan originations	15,946	5,046	13,181	34,173
Loans written-off, net of recoveries	-	-	90,519	90,519
Balance at December 31, 2024	60,436	34,595	442,073	537,104
Transfer to 12-month ECL	7,467	(7,467)	-	-
Transfer to lifetime ECL (not credit impaired)	(1,105)	1,105	-	-
Transfer to lifetime ECL (credit impaired)	(4,127)	(837)	4,964	-
Net remeasurements of loss allowance	(35,437)	27,984	221,976	214,523
Derecognitions and maturities	(7,667)	(8,333)	(827,118)	(843,118)
Loan originations	11,935	-	-	11,935
Loans written-off, net of recoveries	-	-	518,621	518,621
Balance at December 31, 2025	31,502	47,047	360,516	439,065

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

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

	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Leases				
Balance at January 1, 2024	319	-	-	319
Balance at December 31, 2024	319	-	-	319
Derecognitions and maturities	(319)	-	-	(319)
Balance at December 31, 2025	-	-	-	-
Home equity lines of credit				
Balance at January 1, 2024	56,324	29,235	-	85,559
Transfer to 12-month ECL	22,839	(22,839)	-	-
Transfer to lifetime ECL (not credit impaired)	(2,361)	2,361	-	-
Net remeasurements of loss allowance	(9,922)	7,137	-	(2,785)
Derecognitions and maturities	(3,429)	(547)	-	(3,976)
Loan originations	5,419	1,383	-	6,802
Balance at December 31, 2024	68,870	16,730	-	85,600
Transfer to 12-month ECL	6,560	(6,560)	-	-
Transfer to lifetime ECL (not credit impaired)	(3,003)	3,003	-	-
Transfer to lifetime ECL (credit impaired)	-	(77)	77	-
Net remeasurements of loss allowance	(13,852)	6,318	(77)	(7,611)
Derecognitions and maturities	(6,944)	-	-	(6,944)
Loan originations	41,918	-	-	41,918
Balance at December 31, 2025	93,549	19,414	-	112,963

TCU Financial Group Credit Union

Notes to the Financial Statements

For the year ended December 31, 2025

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

	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	Total
Off balance sheet credit instruments				
Balance at January 1, 2024	85,340	192,224	-	277,564
Balance at December 31, 2024	85,340	192,224	-	277,564
Net remeasurements of loss allowance	(13,919)	3,590	-	(10,329)
Balance at December 31, 2025	71,421	195,814	-	267,235
Total				
Balance at January 1, 2024	470,749	401,129	3,061,077	3,932,955
Transfer to 12-month ECL	82,703	(82,703)	-	-
Transfer to lifetime ECL (not credit impaired)	(34,779)	88,589	(53,810)	-
Transfer to lifetime ECL (credit impaired)	(4,280)	(4,793)	9,073	-
Net remeasurements of loss allowance	152,879	1,323,765	271,723	1,748,367
Derecognitions and maturities	(92,046)	(212,655)	(4,498,008)	(4,802,709)
Loan originations	196,796	24,037	13,181	234,014
Loans written-off, net of recoveries	34,237	4,725	1,864,796	1,903,758
Balance at December 31, 2024	806,259	1,542,094	668,032	3,016,385
Transfer to 12-month ECL	108,075	(108,075)	-	-
Transfer to lifetime ECL (not credit impaired)	(19,746)	19,746	-	-
Transfer to lifetime ECL (credit impaired)	(7,909)	(2,215)	10,124	-
Net remeasurements of loss allowance	297,988	634,495	525,372	1,457,855
Derecognitions and maturities	(250,780)	(792,436)	(834,630)	(1,877,846)
Loan originations	726,387	160,644	-	887,031
Loans written-off, net of recoveries	59,328	11,978	521,591	592,897
Balance at December 31, 2025	1,719,602	1,466,231	890,489	4,076,322

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

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

Market risk

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

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

Risk measurement

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

Objectives, policies and processes

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

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

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

Interest rate risk

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

In managing interest rate risk, the Credit Union relies primarily upon use of asset - liability and interest rate sensitivity simulation models, which is monitored by the Credit Union. Periodically, the Credit Union may enter into interest rate swaps to adjust the exposure to interest rate risk by modifying the repricing of the Credit Union's financial instruments.

Sensitivity analysis is used to assess the change in value of the Credit Union's financial instruments against a range of incremental basis point changes in interest rates over a twelve month period. Interest rate shock analysis is calculated in a similar manner to sensitivity analysis but involves a more significant change of 100 basis points or greater in interest rates. Sensitivity analysis and interest rate shock analysis are calculated on a quarterly basis and are reported to the Board of Directors. Based on current differences between financial assets and financial liabilities as at year-end, the Credit Union estimates that an immediate and sustained 100 basis point increase in interest rates would increase net interest income by \$942,000 (2024 - \$736,000) over the next 12 months while an immediate and sustained 100 basis point decrease in interest rates would decrease net interest income by \$969,000 (2024 - \$817,000) over the next 12 months.

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

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

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

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

Interest rate sensitivity

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

Contractual repricing and maturity

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

TCU Financial Group Credit Union Notes to the Financial Statements

For the year ended December 31, 2025

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

	<i>(In thousands)</i>					2025	2024
	<i>On demand</i>	<i>Within 3 months</i>	<i>Over 3 months to 1 year</i>	<i>Over 1 year</i>	<i>Non-interest Sensitive</i>	<i>Total</i>	<i>Total</i>
Assets							
Cash and cash equivalents	32,846	-	-	-	3,963	36,809	45,833
<i>Average yield %</i>	<i>0.16</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>0.16</i>	<i>0.35</i>
Investments	-	20,620	34,097	71,847	4,452	131,016	109,471
<i>Average yield %</i>	<i>-</i>	<i>2.58</i>	<i>3.24</i>	<i>2.96</i>	<i>-</i>	<i>3.02</i>	<i>3.48</i>
Member loans receivable	112,455	70,094	68,274	335,235	129	586,187	554,437
<i>Average yield %</i>	<i>5.96</i>	<i>5.14</i>	<i>3.57</i>	<i>4.63</i>	<i>-</i>	<i>4.82</i>	<i>4.96</i>
Accounts receivable	366	-	-	-	-	366	261
	145,667	90,714	102,371	407,082	8,544	754,378	710,002
Liabilities							
Member deposits	63,904	66,386	135,741	192,913	219,650	678,594	637,495
<i>Average yield %</i>	<i>1.08</i>	<i>3.21</i>	<i>2.82</i>	<i>3.97</i>	<i>-</i>	<i>2.09</i>	<i>2.38</i>
Other liabilities	-	-	-	-	3,515	3,515	1,843
Membership shares	-	-	-	-	74	74	74
	63,904	66,386	135,741	192,913	223,239	682,183	639,412
On balance sheet mismatch							
Derivatives	81,763	24,328	(33,370)	214,169	(214,695)	72,195	70,590
	80,000	(20,000)	(30,000)	(30,000)	-	-	-
Net sensitivity	1,763	44,328	(3,370)	244,169	(214,695)	72,195	70,590

Liquidity risk

Liquidity risk is the risk that the Credit Union cannot meet a demand for cash or fund its obligations as they come due. The Credit Union's management oversees the Credit Union's liquidity risk to ensure the Credit Union has access to enough readily available funds to cover its financial obligations as they come due. The Credit Union's business requires such liquidity for operating and regulatory purposes. Refer to Note 5 for further information about the Credit Union's regulatory requirements.

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

Locally, the Credit Union manages its liquidity position from three perspectives:

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

TCU Financial Group Credit Union Notes to the Financial Statements

For the year ended December 31, 2025

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

The primary liquidity risk policies and procedures include the following:

- Liquidity risk management framework to measure and control liquidity risk exposure;
- Measurement of cashflows;
- Maintain a line of credit and borrowing facility with SaskCentral;
- Maintenance of a pool of high quality liquid assets;
- Monitoring of single deposits and sources of deposits
- Monitoring of term deposits; and
- Contingency planning.

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

The following table details contractual maturities of financial liabilities:

As at December 31, 2025:

	<i>(In thousands)</i>			
	< 1 year	1-2 years	> 2 years	Total
Member deposits	485,681	70,434	122,479	678,594
Other liabilities	3,441	-	-	3,441
Derivatives	323	182	-	505
Membership shares	-	-	74	74
	489,445	70,616	122,553	682,614

As at December 31, 2024:

	<i>(In thousands)</i>			
	< 1 year	1-2 years	> 2 years	Total
Member deposits	460,030	52,660	124,805	637,495
Other liabilities	1,843	-	-	1,843
Derivatives	101	1,210	562	1,873
Membership shares	-	-	74	74
	461,974	53,870	125,441	641,285

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

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

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

As at December 31, 2025:

	<i>(In thousands)</i>			
	< 1 year	1-2 years	> 2 years	Total
Cash and cash equivalents	36,809	-	-	36,809
Investments	57,627	23,260	50,129	131,016
Member loans receivable	250,939	81,863	253,385	586,187
Accounts receivable	366	-	-	366
	345,741	105,123	303,514	754,378

As at December 31, 2024:

	<i>(In thousands)</i>			
	< 1 year	1-2 years	> 2 years	Total
Cash and cash equivalents	45,833	-	-	45,833
Investments	52,570	13,382	43,519	109,471
Member loans receivable	257,515	110,538	186,384	554,437
Accounts receivable	261	-	-	261
	356,179	123,920	229,903	710,002

22. Fair value measurements

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

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

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

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

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

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

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

Financial assets and financial liabilities measured at fair value

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

<i>(in thousands)</i>	Fair value	Level 1	Level 2	2025 Level 3
Financial assets				
SaskCentral shares	1,265	-	-	1,265
Other investments	3,246	-	3,246	-
Provincial and corporate bonds	20,635	-	20,635	-
	25,146	-	23,881	1,265
Financial liabilities				
Derivatives	505	-	505	-

<i>(in thousands)</i>	Fair value	Level 1	Level 2	2024 Level 3
Financial assets				
SaskCentral shares	1,706	-	-	1,706
Other investments	2,553	-	2,553	-
Provincial and corporate bonds	25,363	-	25,363	-
	29,622	-	27,916	1,706
Financial liabilities				
Derivatives	1,873	-	1,873	-

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

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

Financial instruments not measured at fair value

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

<i>(In thousands)</i>	Carrying amount	Fair value	Level 1	Level 2	2025 Level 3
Financial assets measured at amortized cost					
Cash and cash equivalents	36,809	36,809	36,809	-	-
Investments	105,870	106,277	-	106,277	-
Member loans receivable	586,187	586,386	-	586,386	-
Accounts receivable	366	366	-	366	-
	729,232	729,838	36,809	693,029	-

TCU Financial Group Credit Union
Notes to the Financial Statements
For the year ended December 31, 2025

22. Fair value measurements (Continued from previous page)

Financial liabilities measured at amortized cost

Member deposits	678,594	669,784	-	669,784	-
Accounts payable	3,515	3,515	-	3,515	-
Securitization debt	5,338	5,375	-	5,375	-
Membership shares	74	74	-	-	74
	687,521	678,748	-	678,674	74

	<i>Carrying amount</i>	<i>Fair value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<i>2024</i>					
<i>(In thousands)</i>					
Financial assets measured at amortized cost					
Cash and cash equivalents	45,833	45,833	45,833	-	-
Investments	78,957	79,307	-	79,307	-
Member loans receivable	554,437	552,299	-	552,299	-
Accounts receivable	261	261	-	261	-
	679,488	677,700	45,833	631,867	-

Financial liabilities measured at amortized cost

Member deposits	637,495	629,177	-	629,177	-
Accounts payable	1,843	1,843	-	1,843	-
Securitization debt	5,663	5,681	-	5,681	-
Membership shares	74	74	-	-	74
	645,075	636,775	-	636,701	74

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

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

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

TCU Financial Group Credit Union

Notes to the Financial Statements

For the year ended December 31, 2025

23. Commitments

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 31, 2025, the Credit Union has advanced \$746,000 (2024 - \$592,000) of their total commitment of of \$1,000,000 to the Westcap MBO III Investment Fund.

In 2024, the Credit Union entered into an agreement to purchase units in Conexus Venture Capital (CVC) Fund #2. The Credit Union makes advances to CVC Fund #2 when requested which decreases the remaining commitment. Redemption of units does not increase the total remaining commitment to CVC Fund #2. At the end of December 2025, the Credit Union has advanced \$759,896 (2024 - \$nil) of their total commitment of \$1,750,000 to the CVC Fund #2.

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

2026	1,019,570
2027	990,092
2028	650,448
2029	382,603
Thereafter	54,628

24. Comparative figures

Certain prior year figures have been reclassified to conform to the current year's presentation.

A demand deposit included in the SaskCentral balance (*Note 4*) met the definition of a cash equivalent in the prior year and has been reclassified accordingly in the comparative amounts.



CREDIT UNION DEPOSIT GUARANTEE CORPORATION ANNUAL REPORT MESSAGE

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

Established in 1953, the Corporation holds the distinction of being the first deposit guarantor in Canada, ensuring the safety of deposits against credit union failure. Through the promoting of responsible governance, risk management, and prudent management of capital, liquidity, along with guaranteeing deposits, the Corporation plays a crucial role in fostering confidence in Saskatchewan PRFIs.

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

Officers



Greg Peacock, Chief Executive Officer

With over 31 years of experience in the financial services industry, 30 of those within the credit union system, Greg has dedicated his career to the success and growth of TCU Financial Group (TCU). His journey within the organization has spanned multiple key roles, including Loans Officer, Accountant, Finance Manager, Branch Manager, and Chief Financial Officer, providing him with a deep and comprehensive understanding of the credit union's operations and its evolving member needs.

Appointed as Chief Executive Officer in June 2020, Greg leads TCU with a steadfast commitment to its strategic objectives, focusing on member well-being, financial sustainability, and community impact. What sets him apart is his deep commitment and loyalty to the credit union system, embodying the cooperative principles that define its success. His leadership is guided by a member-first philosophy, ensuring that every decision supports the long-term prosperity of both members and the communities the credit union serves. Born and raised in Saskatoon, Greg earned a Bachelor of Commerce degree from the University of Saskatchewan. Outside of work, he enjoys spending time at the lake with his wife and son. A dedicated community leader, he also serves as Board President of the Saskatoon Hilltop Football Club further reinforcing his passion for cooperative values and local engagement.



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.



Dawn Bell, Chief Risk & Compliance Officer

With nearly three decades of experience in the financial sector, Dawn is a seasoned leader with a deep understanding of regulatory compliance, enterprise risk management, and strategic governance. Her expertise spans people and operations management, regulatory oversight, and risk mitigation strategies that support sustainable growth and financial integrity. She holds both a Bachelor of Arts and a Bachelor of Laws degree from the University of Saskatchewan and is a non-practicing lawyer. Additionally, she has earned the Certified Credit Union Director (CCD) designation, reinforcing her commitment to governance excellence within the credit union system.

As Chief Risk & Compliance Officer, Dawn is responsible for shaping and executing the organization's risk and compliance strategy. She fulfills key executive roles, including Chief Compliance Officer, Chief Anti-Money Laundering Officer, Chief Privacy Officer, and Complaints Officer, ensuring that regulatory frameworks are not only met but integrated into a proactive and member-centric approach. Her leadership is instrumental in fostering a culture of accountability, ethical business practices, and operational resilience.

A proud Saskatchewan native, Dawn takes great pride in her prairie roots and the values of integrity, perseverance, and community that they instill. She is an avid traveler who enjoys exploring new cultures and perspectives, bringing a global mindset to her work. When not managing risk and compliance, she can often be found on stage with one of Saskatoon's amateur theatre groups, where her passion for performance and storytelling allows her to connect with audiences in a different capacity.

Officers



Randy Martynuik, Chief Information Officer

Randy boasts over 25 years of exemplary experience across a spectrum of industries, including Information Technology, Financial Services, Transportation, and Energy. His career is marked by a relentless pursuit of educational and professional growth, with a keen focus on technology innovation, IT leadership, information management, enterprise architecture, project management, and process improvement.

Prior to his tenure at TCU Financial Group, Randy excelled in the credit union sector as the Head of Innovation and Technology at SaskCentral. In this role, he provided strategic technology leadership, spearheaded digital transformation initiatives, and managed technology operations with finesse. His 13-year stint at CUETS (Credit Union Electronic Transaction Services) further solidified his reputation, where he demonstrated exceptional technology leadership and business acumen.

Randy is a certified Project Management Professional and holds a bachelor's degree in Business Administration, along with a certificate in Computer Science from the University of Regina. A proud Saskatchewan native, Randy enjoys balancing his professional achievements with personal passions such as golfing, traveling, and tinkering with his classic Porsche and Victory motorcycle.



Crystal Mills, Chief Operating Officer

Crystal is a seasoned business and operations leader with over 25 years of experience, primarily in the financial services sector. Since 2014, she has held senior leadership roles, shaping strategic direction, fostering innovation, and driving sustainable growth. A visionary and thought leader, she excels at enabling scalability in evolving markets and delivering transformative initiatives that enhance operational efficiency, customer experience, and financial performance.

Before joining TCU Financial Group, Crystal held leadership positions at Conexus Credit Union and TD Canada Trust, where she was instrumental in the delivery of the strategic direction and execution of retail and wealth banking programs. Her ability to lead complex initiatives, optimize business models, and cultivate high-performing teams has been a hallmark of her leadership.

Crystal holds an Executive MBA from the University of Regina and has obtained multiple professional certifications throughout her career. She is a certified coach and has specialized training in agile leadership, further enhancing her ability to drive collaboration, innovation, and cultural transformation within organizations.

Beyond her professional achievements, Crystal is deeply committed to community engagement and serves on the SOFIA House Board as Vice Chair. She is passionate about leadership development, mentorship, and fostering meaningful connections that drive positive change. Having spent a few years in Alberta, Saskatchewan was calling and she moved back to her roots where she now enjoys traveling, gardening, and spending quality time with family and friends.

